

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Senior Surgeon Charles L. Williams, to be medical director in the United States Public Health Service, to rank as such from May 23, 1938; and also the nominations of sundry doctors to be assistant surgeons in the United States Public Health Service, to take effect from date of oath.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of several officers for appointment, by transfer, in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

#### POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection the nominations of postmasters are confirmed en bloc.

That completes the calendar.

#### RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 10 o'clock p. m.) the Senate took a recess until tomorrow, Friday, June 3, 1938, at 11 o'clock a. m.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate June 2 (legislative day of April 20), 1938*

##### POSTMASTERS

##### KENTUCKY

Rebecca B. Forsythe, Greenup.

##### MISSISSIPPI

Aubrey C. Griffin, Jackson.

##### NEW YORK

Clyde S. Edmister, Lisle.

Jesse S. Crane, Vestal.

##### PENNSYLVANIA

Mary R. Yocom, Douglassville.

Edwin A. Breinig, Egypt.

##### SOUTH CAROLINA

George N. Burnett, Greenwood.

##### TENNESSEE

James R. Hennessee, Sparta.

## HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 2, 1938

The House met at 12 o'clock noon.

The Reverend Clifford H. Johe, pastor of the Ninth Street Christian Church, Washington, D. C., offered the following prayer:

Our divine Father, we thank Thee for Thy presence, which has been with the people of this Nation through shadow and fire and has brought us to a place of honor and power. Help us to honor Thee in all our ways that our paths may be directed by Thee. Give to all who rule in this land the fear of Thy name and the accomplishment of Thy law. May Thy spirit and counsel give enlightened minds, a passion for

justice, the courage to submerge selfish ambition and pride, that together we may avoid the bogs of blind contentment, distrust, and evil custom and be led of Thee into the sunlit fields of Thy domain, where dwell peace and truth. In the name of our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H. Con. Res. 52. Concurrent resolution authorizing the printing of additional copies of the Revenue Act of 1938.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1585. An act for the relief of Sallie S. Twilley; and

S. 3113. An act for the relief of the Congress Construction Co.

The message also announced that the Vice President had appointed Mr. BARKLEY and Mr. GIBSON members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of executive papers in the following departments: The Department of the Treasury, the Department of Agriculture, the Department of Labor, Veterans' Administration, and The National Archives.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 5) entitled "An act to prevent the adulteration, misbranding, and false advertisement of food, drugs, devices, and cosmetics in interstate, foreign, and other commerce subject to the jurisdiction of the United States, for the purposes of safeguarding the public health, preventing deceit upon the purchasing public, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. COPELAND, Mr. BAILEY, Mr. CLARK, Mrs. CARAWAY, Mr. McNARY, Mr. VANDENBERG, and Mr. GIBSON to be the conferees on the part of the Senate.

#### EXTENSION OF REMARKS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include some official figures.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DIES. Mr. Speaker, I ask unanimous consent to insert in the RECORD some information prepared by E. K. Gubin with reference to congressional investigations.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE PRESIDENT SPEAKS ON THE REVENUE ACT OF 1938—THOSE HE HITS CANNOT TAKE IT

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point, and to include the President's message on taxes and other matters.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. Mr. Speaker, last Friday, May 27, the President refused to sign the new tax bill and, in connection with such refusal, made the following statement, which I deem to be of such importance that it should be inserted in the RECORD. It is as follows:

PRESIDENT'S ADDRESS AT ARTHURDALE, W. VA., MAY 27, 1938

At last after many attempts I have succeeded in coming to Arthurdale—and I greet you as friends because you are Mrs. Roosevelt's personal friends and because I have heard so much about you.

Much has been written about you good people, about the conditions of life in certain towns in this part of the world and about

what the Government has done here at Arthurdale. The Nation has heard about Scotts Run with its very poor conditions of life, and the Nation has heard about Arthurdale with its vastly improved conditions of life. But I think I voice the thoughts of you who live here when I say to the country over the radio that about the last thing you would want would be to be publicized as some rare and special type of Americans.

Let me put it this way, and I think and hope that you will agree with me when I say:

In 1933 the whole Nation knew that it faced a crisis in economic conditions, but the Nation did not realize that it faced a crisis in social conditions. If anyone were to ask me what is the outstanding contribution that has been made to American life in the past 5 years, I would say without hesitation that it is the awakening of the social conscience of America.

As one part, and only one part, of the effort of your Government to improve social conditions, we undertook in dozens of places scattered over almost every part of the country, to set up, with the cooperation of the local people themselves, projects to provide better homes, a better chance to raise foodstuffs, and a better chance to make both ends meet in maintaining a reasonably decent standard of life through the passing years.

Many different types of projects were undertaken—some of them in wholly rural sections, some in cities, some in suburbs, some for industrial workers, some for miners, some, like Arthurdale, a combination of industry and farming. These projects represent something new and, because we in America had no experience along these lines, there were some failures—not a complete failure in the case of any given project, but partial failures due to bad guesses on economic subjects like new industries or lack of markets.

On the whole, however, the percentage of good guesses in the average of these projects has been extraordinarily high, and for this success the principal part of the credit properly should go to the individual families who, themselves, have come to live in these new communities.

The lessons we have all learned will save a hundred times their cost in dollars as fast as government or private capital—or as I hope, both—go on with the inevitable task of improving living conditions throughout the country and helping Americans to live as modern science has made it possible for them to live. The extra cost of pioneering ventures such as this represents development cost which we justifiably charge off as the inevitable cost of all progress—just as we have in the past charged off the huge government share in the development costs of the railroads, the cables, the airplanes, and the improved highways that made the automobile possible. But what is equally important to me, the lessons learned from this first bold Government venture will save human lives and human happiness as well as dollars in this march of progress ahead of us.

This is a high-school graduation, and I am speaking just as much to you who graduate today as to your parents and your grown-up friends. You are the citizens of tomorrow—not just this graduating class but thousands of other high school graduating classes in every State of the Union.

When you, today's graduates, were of grade-school age we, your elders in the United States, were asleep at the switch and your Government also was asleep at the switch. For many years other nations of the world were giving serious consideration to and taking definite action on social problems while we were pushing them aside with the idea that some day we would get around to meeting them.

We had heard of the ideals of ending child labor, of initiating a 5-day week, of shortening working hours, of putting a floor under wages, of clearing slums, of bringing electricity into homes, and of giving families the chance to build or buy a home on easy terms, of starting old-age pensions and unemployment insurance. But all these things were in the greater part a beautiful dream—a dream until government, 5 years ago, tired of waiting, stepped in and started to make the dreams come true.

Government has done little more than to start the ball rolling. Government knows how much more there remains to be done. But government hopes, now that it has taken the first risks and shown the way, that private capital and businessmen will see how much it is to their own advantage—and profit—to keep the ball rolling—and keep it rolling so well that the inevitable wider improvement in American social conditions will come about in normal course of private enterprise without compelling government to use large amounts of taxpayers' money to keep America up to date.

Many sincere people—good citizens with influence and money—have come to West Virginia mining towns in the past 2 or 3 years to see the conditions under which American families lived, conditions under which, unfortunately, many American families still live. Many of these people have come to see me after their visit to Scotts Run or similar places and have expressed to me their surprise and their horror at things they have seen. They have said: "I did not imagine that such conditions could exist in the United States."

They have wanted to help at the particular spot they have seen, but the lesson which I have found it difficult to get across to them has been the fact that they have seen only one spot or two spots—tiny, single spots on a map of the United States, a map which is covered over with hundreds and even thousands of similar spots. Un-American standards exist by no means in a few coal towns only. They exist in almost every industrial community, and they exist in very many of the farming counties of the country.

Now, of course, pending the time that private capital and private enterprise will take up the burden, the money Government thus spends to encourage the Nation to live better—especially that part of the Nation which most needs it—is taxpayers' money.

Two questions, therefore arise: Is that spending justified from the point of view of the individual taxpayer and how should the money be raised?

So far as the taxpayer's individual interest is concerned, I always look at it this way.

Taxes, local and State and Federal combined, are nowhere near as high in this country as they are in any other great nation that pretends to be up to date. If I were a businessman making and hoping to continue to make good profits, I would remind myself as I paid my income tax, moderate by the standards of other nations, that the most important factor in the kind of an active economic life in which profits can be made, is people—able, alert, competent, and up-to-date people—to produce and to consume. Money invested to make and keep the people of this Nation that kind of people is therefore a good business investment.

And if I were the same man thinking about inheritance taxes and what I could leave to my children, I would say to myself that to leave them a living in a nation of strong and able men and women is to leave them a better heritage of security than a few thousand dollars saved on an inheritance tax.

Now, how should taxes be paid?

For a great many years, the Nation as a whole has accepted the principle that taxes ought to be paid by individuals in accordance with their capacity to pay. To put it another way, it has meant a graduated tax on a man's increase in wealth. For instance, a poor man or poor family whose increase in wealth in a given year is below a certain figure pays no direct Federal taxes at all; when the family gains more than \$2,500 in a year the family pays a small percentage on these gains.

As the gains get still larger, the percentage of the tax goes up so that when a family's wealth increases to, say \$100,000 a year, they have to pay a third of it to the Federal Government. In the case of still richer people, they may have to pay more than half of their large incomes to the State and Federal governments.

Last week the Congress passed a new tax bill. It contained many good features—improvements in tax administration, the elimination of a number of nuisance taxes on articles in common use, the lightening of the tax burden on the small corporation as I recommended to the Congress last fall. I hope that these changes made by this tax bill may be helpful to business and that this belief may, in itself, be a factor in the revival of business enterprise.

But, on the other side of the ledger, I cannot help but regret that two very fundamental principles of government must once more be called to the attention of the public.

Both of them, stripped of every attempt to confuse, are extraordinarily simple and can be understood by every citizen.

In 1936 many large corporations, especially those owned or controlled by a comparatively small number of very rich stockholders were in the habit of failing to declare dividends they had earned. Thus, their stockholders were in a position to leave the profits their money had made in the controlled corporation—paying the Government on these profits only the normal corporation tax of from 10 to 15 percent. Thus, these stockholders avoided paying a personal-income tax at a rate which in many cases would have involved a tax payment of 50 percent or even higher because the stockholders were in what is known as the upper brackets of the personal-income tax.

The Treasury Department found many instances of closely held corporations which, starting with the comparatively modest capital of several million dollars, had, over a period of years, grown into corporations worth several hundreds of millions of dollars without ever declaring a dividend to their stockholders. This meant a definite, though of course strictly legal, device by which these stockholders greatly increased their wealth year by year without having to pay to the Government more than a normal corporation tax, thus escaping very large sums of personal-income-tax payments.

The Revenue Act of 1936 sought to end this serious loophole.

In principle, our objective was right, but in practice the act, as finally worked out in the Senate, undoubtedly did prevent many small corporations from normal and reasonable business expansion, from building up adequate surpluses, or from paying off old debts.

The tax bill this year sought to get rid of these inequitable features but to retain at the same time the principle of stopping tax avoidance. As finally passed, the bill retains that principle, but the penalty for withholding dividends to stockholders is so small—only 2½ percent at the most—that it is doubtful whether it will wholly eliminate the old tax avoidance practices of the past.

It is true that the bill seeks to strengthen the authority of the Government to act against companies which clearly seek to avoid surtaxes for their stockholders by failing to declare dividends out of their profits; and I hope that this new provision, together with the recent favorable decision of the Supreme Court in interpreting the prior law, will retard the revival of the old evil. It seems to me that it is the definite duty and interest of the public and of the legislative and executive branches of the Government to watch very closely to see what happens during the coming year.

We must always remember that this old method of greatly increasing private fortunes through the withholding of corporate dividends was open and useful only to those citizens who already



had wealth large enough to control these large corporations—people whose personal income was already large enough to put them in the higher surtax brackets.

The position of the administration is, therefore, this:

We are delighted to remove any existing barriers against every little business in the Nation which is seeking to set itself squarely on its own feet; seeking to pay off its debts and seeking to make a reasonable profit; but the administration does not want large, closely held corporations making large profits to be used as a vehicle by the small number of their owners in order to avoid legitimate income taxes.

For a number of years it has been recognized that this progressive taxation of wealth realistically should apply not only to salaries and dividends and bond coupons but also to other forms of wealth such as increase in one's capital by selling any form of property at a profit.

This new bill wholly eliminates the progressive tax principle with respect to these capital profits; it taxes small capital profits and large capital profits at exactly the same rate.

In other words, if you or I sell stocks, which we have held for a few years, at a profit of, let us say, \$5,000, we have to pay a tax of 15 percent on that profit; whereas, the man who has made a profit of \$500,000 on stocks he has owned is required, under this new bill, to pay a tax of only 15 percent, just as you and I would. Nobody, by any stretch of the imagination, can say that this new provision maintains the principle of payment in proportion to ability to pay.

Some people who have favored this abandonment of principle have justified their position on the ground that one has to abandon principles once in a while when there is an emergency and that the abandonment of this particular principle will encourage many rich men to take a risk with their capital and invest it in new enterprises.

But this school of thought finds it difficult to answer the fact that almost all—about 80 percent of all capital gains reported—are profits made in the stock market—profits made, not by developing new companies, but by buying stocks of old companies low and selling them high, or by the still possible method of selling stocks short—selling stocks you do not own—and then buying them in at a lower price.

The abandonment of the principle of progressive tax payments in accordance with capacity to pay may encourage a small amount of capital to go into new productive enterprises but, chiefly, it will help those who make large profits in buying and selling existing stocks.

New productive enterprise is not created by the buying of stocks of established companies when they are low and selling them when they are high. I should like to see a revision of our tax laws which would really encourage new enterprise and new investment and the undertaking by private capital of projects like this that the Government has undertaken here at Arthurdale. But there is no assurance that untaxed savings will go into such new investment or new enterprise. They may be hoarded or lost in the inflation or deflation that occurs in the shuffling about of existing investments.

We should adopt tax policies which will encourage men to venture and to build new productive wealth. Unless something is added to the combined wealth of the Nation, one man's capital gain may be nothing more than another man's capital loss.

It will be noted that in this analysis of this abandonment of principle, I have attacked no person. I have merely called the attention of the country to certain clear-cut inescapable facts—and especially to the fact that this tax bill which in many respects is a good one, actually abandons the accepted principle of progressive taxation at a point which is very important in our economic life.

Here again is an example of a provision of law which actually, and in plain English, gives an infinitely greater tax concession to the man who makes a very great profit than to the man who makes a comparatively small profit. It helps the very few, therefore, at the expense of the many. To carry on government a total sum has to be raised. If the many who make small capital gains have to pay the same rate as the few who make large capital gains, it means that the tax rate for the little fellow must be higher than if we had stuck to the accepted principle of a graduated tax.

In accordance with recommendations made during several past years, I hope that the Congress will undertake a broader program of improving the Federal tax system as a whole in the light of accepted principles of fairness in American taxation and of the necessary incentives in our economic life.

You will see the difficulty in which your President has been placed. This tax bill contains features that ought to become law, but it contains several undesirable features, especially the ones I have just been talking about.

If I sign the bill—and I have until midnight tonight to sign it—many people will think I approve the abandonment of an important principle of American taxation. If I veto the bill it will prevent many of the desirable features of it from going into effect.

Therefore, for the first time since I have been President, I am going to take the third course which is open to me.

I am going to let the act go into effect at midnight tonight without my approval.

By so doing, I call the definite attention of the American people to those unwise parts of the bill I have talked to you about

today—one of them which may restore in the future certain forms of tax avoidance, and of concentrated investment power, which we had begun to end, and the other a definite abandonment of a principle of tax policy long ago accepted as part of our American system.

Two things we can well remember.

The first is that our whole tax system—State, local, and Federal—can and must be greatly improved in the coming year.

The second is that we in this country are getting more practical results in the way of bettering the social conditions of the Nation out of our taxes than ever before in our history. That is why it is a pretty good idea to talk taxes not only to parents but to the younger generation of America.

I am proud of what I have seen here today and I am proud of all of you who are helping so greatly to make this community an American success.

#### SPECIAL BENEFITS TO THE WEALTHY

Mr. McFARLANE. I was very much surprised to hear that the President has been criticized for his attitude and statement with respect to the new tax bill. Personally I was very glad to hear the President express himself so vigorously against the special privileges written into the tax law for the benefit of the wealthy. I am proud to live in a country which has as its President a man who will not sign his name to a tax bill which grants such special privileges. Never in the history of the Federal income tax has any income-tax law contained such a number of special provisions for the benefit of Washington tax lobbyists and their clients as were written into the new tax bill while it was in the Senate.

Beginning with the income-tax law of 1913, 14 income-tax laws have been enacted since the adoption of the income-tax amendment to the Constitution. Nine of these laws have been passed during Democratic administrations. Five of them have been enacted during Republican administrations. Of these the new tax bill presents the most lamentable picture of special provisions for the special benefit of Washington tax lobbyists and their clients.

If we really want to know how the new tax bill was written we should make an investigation for the purpose of finding out what Washington tax lobbyists were especially interested in some of the special provisions written into the new tax law. We should find out the names of their clients who were benefited; we should also make them show the amount of these benefits. Just to give this inquiry a proper start, I suggest that the people should know the names of the Washington tax lobbyists and their clients who were especially interested in the following amendments made in the Senate:

Amendment No. 10, allowing a special method for taking inventories, as follows:

The cost of goods sold during any taxable year beginning after December 31, 1938, may be computed upon the last-in first-out basis if such basis conforms as nearly as may be to the best accounting practice in the trade or business and is regularly employed in keeping the books or records of the taxpayer; and the change to such basis shall be made for any year in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary to prevent the avoidance of tax. Any taxpayer who, for any taxable year, is permitted under the preceding sentence to change to such basis shall be considered to have made an irrevocable election with respect to such year and future taxable years and shall not be permitted to change from such basis in any subsequent taxable year.

Amendment No. 47, allowing a special basis for depreciation and for computing gain or loss upon a sale of property, which is as follows:

(18) Property received by a stockholder on complete liquidation of a corporation: If property is distributed to a stockholder in complete liquidation of a corporation and recognition of gain to such stockholder under section 115 (c) of this act is limited to the extent of the money distributed or his ratable share of the accumulated earnings or profits, whichever is greater, the basis shall be the same as the basis of his stock canceled or redeemed under the liquidation, increased in the amount of gain recognized to the stockholder.

Amendment No. 52, allowing a special exemption in the case of liquidations of certain corporations, which is as follows:

At the election of the shareholder, in the case of a complete liquidation of a corporation within the meaning of the preceding sentence which is completed prior to the end of the first taxable

year of the corporation beginning after December 31, 1937, in accordance with a plan of liquidation adopted within such taxable year, there shall be taxed as a dividend to each distributee the entire amount of the gain as is not in excess of his ratable share of the undivided earnings or profits of the corporation accumulated after February 28, 1913; the remainder, if any, of the gain shall be taxed as a capital gain, but only to the extent that the money distributed exceeds the amount of the gain which is taxed as a dividend. For the purpose of determining accumulated earnings or profits under this subsection, increase in value of property accrued shall not be treated as earnings or profits.

Amendment No. 79, allowing a special method of taxing amounts received on certain claims against the United States: The story behind this is really good. It is the talk of the Washington tax lobbyists. It shows what can be done if a taxpayer employs a Washington tax lobbyist to lobby for him. The special benefit which this amendment grants to one taxpayer is enough to shock the conscience of the entire American people.

(h) For the purposes of this title, any amount received by a taxpayer from the United States in respect of a claim against the United States involving the acquisition of property and remaining unpaid for more than 15 years shall be treated as received upon the sale of a capital asset consummated on the date of such receipt.

Amendment No. 182, allowing an exemption to certain manufacturers of toilet preparations, which is as follows:

And shall not apply to articles sold by the manufacturer, producer, or importer, after June 30, 1938, for 9 cents or less.

Amendment No. 183, exempting brewer's wort, malt sirup, and so forth, as follows:

(i) Brewer's wort, malt sirup, etc.: The tax imposed by section 601 (c) (2), as amended, of the Revenue Act of 1932 shall not apply to articles sold or imported after June 30, 1938.

Amendment No. 184, exempting transactions on the board of trade, as follows:

(j) Sales of produce for future delivery: The tax imposed by subdivision 4 of schedule A of title VIII of the Revenue Act of 1926, as amended, shall not apply to sales, agreements of sale, or agreements to sell made after June 30, 1938. Effective July 1, 1938, section 726 (c) of the Revenue Act of 1932, as amended, is repealed.

Amendment No. 190, exempting imported rapeseed oil used in the manufacture of rubber substitutes or lubricating oil:

(F) The tax imposed under subparagraph (B) shall not apply to rapeseed oil imported to be used in the manufacture of rubber substitutes or lubricating oil, and the Commissioner of Customs shall, with the approval of the Secretary, prescribe methods and regulations to carry out this subparagraph.

Amendment No. 191, exempting coconut oil produced in Guam or American Samoa:

(G) The taxes imposed by this section shall not apply to any article, merchandise, or combination, by reason of the presence therein of any coconut oil produced in Guam or American Samoa, or any direct or indirect derivative of such oil.

Amendment No. 203, a reduction in the rate of tax on certain matches, strikes out:

There is hereby imposed on fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem, packed in boxes or in bulk, sold by the manufacturer, producer, or importer, a tax of 5 cents per 1,000 matches.

And inserts:

(a) There is hereby imposed upon matches, sold by the manufacturer, producer, or importer, a tax of 2 cents per 1,000 matches, except that in the case of fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem, packed in boxes or in bulk, the tax shall be 5 cents per 1,000 matches.

For some unknown reason, many of the amendments were permitted to stay in the tax bill. No wonder that the President refused to sign the bill. He had no other course, unless he wanted to put his stamp of approval upon the schemes and devices of the Washington tax lobbyists.

I am also glad to note the position of the President with respect to capital gains. Throughout the consideration of the tax bill I have maintained that the wealthy should not be given a special benefit with respect to their income which is received from capital gains. Previously in speaking on the

new tax bill—see page 2893 of the CONGRESSIONAL RECORD of March 4, 1938—I stated:

While the scheme proposed in the case of large taxpayers results in reduction in the capital-gains tax, this action stands out in contrast to the effect which the scheme will have on small taxpayers. Many of these under the plan will be forced to pay substantially more tax by reason of the brackets substituted for the present law. Furthermore, it appears that large taxpayers are always able to hold investments until the maximum tax advantage can be obtained, whereas the small taxpayers, either through necessity or expediency, find it convenient to take their gains within a shorter period.

#### CAPITAL-GAINS TAX, DEMOCRATIC OR REPUBLICAN?

In upholding the new tax law it is insisted by some that this law follows long-established principles of giving preferred treatment to capital gains. Now, I ask you who established these principles, the Democratic Party or the Republican Party? Let us look at the record and see.

The first income-tax law passed during the Civil War granted a special exemption with respect to capital gains. That law was enacted during a Republican administration. But look at the other side of the battlefield and see what the Democratic South was doing at that time. The Confederacy also had an income-tax law. That law contained no such grant of special privilege for those receiving capital gains. In the act of April 24, 1863, enacted by the Confederate States of America, one section imposed a tax on income and profits derived by each person, joint-stock company, and corporation, from every occupation, employment, or business, and from every investment or labor, skill, property or money, and the income and profits derived from any source whatever, except salaries; a separate section allows a provision that salaries be taxed. It should be noted that no discrimination is made with respect to capital gains, and that for this reason no special privilege was allowed with respect to such gains. Thus the Democratic South refused to follow the example set by the Republican Party in the North.

#### GROVER CLEVELAND REFUSED TO SIGN

The next income-tax law was passed in 1894 during the administration of Grover Cleveland, and was later declared unconstitutional. It followed the prior example of the Republican Party and provided for a special privilege to those receiving capital gains. However, it should be remembered to the glory of Grover Cleveland that he refused to sign the tax bill of 1894 and he let it become a law without his signature on August 28, 1894. It may also be remarked that President Roosevelt followed the same procedure with respect to the special-privilege tax law of 1938.

#### WOODROW WILSON FAVORED NO CAPITAL-GAINS SPECIAL PRIVILEGE

After the law of 1894 was declared unconstitutional, no further income-tax laws were enacted until after the adoption of the income-tax amendment to the Constitution in 1913. At that time Woodrow Wilson was President. During his administration, four income-tax laws were passed: The Revenue Act of 1913, the Revenue Act of 1916, the Revenue Act of 1917, and the Revenue Act of 1918. None of these acts contained any provision for special privilege with respect to capital gains, such as that later written into the act. However, President Wilson's term of office expired March 4, 1921, and on November 23, 1921, the Harding administration enacted the income-tax law of 1921. Into this law the Republican Party wrote special-privilege provisions with respect to capital gains. Those provisions were kept in the law throughout the 12 long years of Republican privilege dealing. Year after year the wealthy capitalists paid little tax on capital gains.

#### WILL SPECIAL PRIVILEGE ALWAYS BE ENTHRONED?

Then in 1934, during the present administration an attempt was made to take away this privilege. We succeeded only in part, for the privilege was allowed to remain with reduced benefits to be derived from it. Some of us have had hope that the time would come when the remainder of this special privilege would be swept away. That is to say, we had hope until the revenue bill of 1938 became a law. Today the picture is a dark one. The Republican special privileges



have been rewritten into the law with respect to capital gains, and the President is criticized because he objects to such special privileges. The wealthy taxpayers would have the President follow the path taken by Harding, Coolidge, and Hoover. This path, so they say, is the long-established path. Yes, but they fail to tell you who established that path. The illustrious Grover Cleveland refused to put his name on such path. Our own Woodrow Wilson never trod such a path. In short, we should explain to the people that the new tax law upholds the special privilege long held dear to the hearts of Wall Street and the Republican Party. And we should ask ourselves whether we are going to follow the Democrats, Cleveland, Wilson, and Roosevelt, or follow the Republicans, Harding, Coolidge, and Hoover. I, for one, do not believe that we should go Republican when taxing capital gains.

#### TAX LOOPHOLES GO ON FOREVER

The new tax bill is also disappointing in that it does not in any way fulfill the previous promise to stop improper tax evasion. Instead the new tax bill opens wider the opportunity for evasion by the wealthy and for special tax benefits to them.

Like the President, many Members of Congress have been interested in preventing tax evasion. Periodically during this administration committees have been appointed by Congress to study the tax laws and recommend necessary legislation in regard to evasion. In addition to this, certain Members of Congress have taken the floor to call attention to methods of evasion and have sought to secure legislation to prevent such unjust results.

On several occasions I have pointed out and itemized a large number of tax loopholes through which more than \$1,000,000,000 in revenue is being lost annually.

Despite all this talk about tax loopholes, little action has been taken. In 1934 a committee of Congress made its report recommending many changes, but only a few of the recommended changes were ever made and the ones made were only minor ones. Again in 1937 after several weeks of investigation, which daily made the headlines of our newspapers, the investigating committee made a number of recommendations of major importance in preventing evasion, but the action secured was only a drop in the bucket, and a promise that in 1938 the Treasury would submit drafts for a bill which would do the complete job. The 1938 tax bill does not contain a single trace of the 1937 promise to give us a comprehensive bill to prevent evasion.

#### MORE AND BIGGER LOOPHOLES

In this respect the new tax bill is not unlike its predecessors. It is not a bill to plug the loopholes. On the contrary, it contains new loopholes. No attempts are made in this bill to put a stop to tax-evasion schemes and devices contrived by those whose incomes are so large that they can employ tax lawyers to devise means of escape. Instead, if the reports as to the tax lobbyists in Washington are correct, it would appear that every tax lobbyist has succeeded in getting something into the new tax bill.

The spirit of the new tax bill is twofold. The first purpose is an important one. It is to remove the mistake which was made in 1936 in subjecting the little corporations to the undistributed-profits tax. All, including the President, agree that the little corporations should never have been subjected to the undistributed-profits tax.

The second purpose of the new tax bill is to reduce the income tax upon big corporations and wealthy individuals.

#### OUT-HOOVERS MR. HOOVER

In its report on the bill, the Senate Finance Committee maintains that this will bring about greater business activity and a freer flow of capital into productive enterprises. In other words, the Senate committee maintained that a reduction of the taxes on the rich will pull us out of the present recession. This, you may recall, is an old doctrine subscribed to in the Hoover days. In fact, one of Mr. Hoover's first moves after the crash in 1929 was to put through a reduction in taxes. This was supposed to pre-

vent any serious depression. You all know how this failed to work and what happened after the tax reduction. We finally sank to the low of March 1933. In view of this, it would seem impossible for any person to believe that cutting the tax bill of the rich will save us from a recession. Yet, this is exactly what those favoring the new tax bill wish to try. In other words, it proposes to out-Hoover Mr. Hoover.

One of the major tax reductions allowed in the new tax bill is that designed to cut the taxes of the large owners and speculators in stocks and bonds. It makes this tax reduction by lowering the tax rates on capital gains, for under the tax bill capital gains include the profits made in selling stocks and bonds. This tax cut has been the spear head of the Wall Street crowd in their propaganda for reducing the taxes of the wealthy.

#### ANOTHER WALL STREETERS' DOLE

The reason why the Wall Streeters are so anxious to reduce this tax is not difficult to understand. In 1933 when the stock market hit its low point, those with large means bought all the stocks they could get at the low prices. Since that time, due to the efforts of this administration, conditions have greatly improved and stocks have gone up enormously in value over the 1933 prices. But at the present time conditions do not look so good. The persons who purchased stocks in 1933 have huge profits, and they now want to sell their stock and take their profits. More than that, they want to pay as little tax as they can on their profits.

In other words, the people who had large resources in 1933 with which to buy stocks, the people who profited most from the recovery program under this administration, these people are the ones who want to be first to live to receive large reductions in taxes. They are the ones who want a reduction in the tax on capital gains.

At this point, I may say that I do not favor giving such preferred treatment to the profits derived from speculation or investments in the stock market. Our income-tax law has long given preferred treatment to such profits, but I do not think it is right. The person makes such profits, enjoys all the benefits of living in the United States, and he should pay the same tax which our citizens pay. If a man has a grocery store in Texas and makes \$5,000 selling to his customers, he has to pay a tax on \$5,000. But under the new income-tax law if a man in New York buys some stock and sells it on the stock market at a profit of \$50,000 he gets a special tax rate. This is the Republican method of taxation.

Under the new tax bill one who sells stocks and bonds at a profit is given preferred treatment, and the big speculator will receive such preferred treatment while the little fellow who has capital gains will not receive preferred treatment. This result was secured by changing the rate on capital gains so that it cannot exceed 15 percent. Thus, a small taxpayer who sells his business or some stocks which he holds for a profit of \$5,000, will not get preferred treatment, but a big speculator who buys stocks, holds them 2 years and sells them at a profit of \$100,000, will receive a \$19,000 tax reduction which is given him solely because he made this money in the stock market.

At this point I may add that this is typical of the new tax bill. The big tax reductions which you read about in the newspapers are designed for the benefit of the big taxpayer, and not for the little fellow.

#### THE UNDISTRIBUTED-PROFITS TAX IS SOUND

The second major proposal sought for the benefit of big business is out-and-out repeal of the corporation tax on undistributed profits. On this point, let me call to your attention the reason why this tax was adopted in 1936. Preceding the adoption of this tax, the President sent a message to Congress on March 3, 1936, in which he said:

I invite your attention, however, to a form of tax which would accomplish an important tax reform, remove two major inequalities in our tax system, and stop "leaks" in present surtaxes.

Extended study of methods of improving present taxes on income from business warrants the consideration of changes to pro-



vide a fairer distribution of the tax load among all the beneficial owners of business profits, whether derived from unincorporated enterprises or from incorporated businesses and whether distributed to the real owners as earned or withheld from them. The existing difference between corporate taxes and those imposed on owners of unincorporated businesses renders incorporation of small business difficult or impossible.

The accumulation of surplus in corporations controlled by taxpayers with large incomes is encouraged by the present freedom of undistributed corporate income from surtaxes. Since stockholders are the beneficial owners of both distributed and undistributed corporate income, the aim, as a matter of fundamental equity, should be to seek equality of tax burden on all corporate income, whether distributed or withheld from the beneficial owners. As the law now stands, our corporate taxes dip too deeply into the shares of corporate earnings going to stockholders who need the disbursement of dividends, while the shares of stockholders who can afford to leave earnings undistributed escape current surtaxes altogether.

#### DEMOCRATIC PARTY HAS LONG FAVORED THE UNDISTRIBUTED-PROFITS TAX

In response to this message of the President, the corporation tax on undistributed profits was adopted. Such tax was very similar to that passed by the Senate on May 7, 1924—see RECORD, pages 8032-8033—except that the rates in the 1936 act ranged from 7 percent to 27 percent, whereas the prior Democratic efforts to impose such a tax would have made the rates range from one-half of 1 percent to 59 percent. Now, it appears that less than 2 years later, without taking any exception to this statement of the President, without any figures to show his statement to be untrue, without any published figures by the Treasury to contradict the President, the new tax bill has returned us to the old order of tax evasion by reducing the undistributed-profits tax to a mere shadow to permit big business to use corporations as devices to escape tax.

The use of a corporation to escape tax is one of the oldest and easiest methods of tax evasion known to our income-tax law. For example, if a person has a business in which he makes \$100,000 a year, if he is unincorporated, he would pay an income tax of approximately \$39,000; but if he incorporates his business, under the new tax bill, the corporation will pay a tax of only \$19,000. In other words, the corporation tax is less than one-half the tax on an individual.

Here again it is proposed that the wealthiest shall receive the largest benefits. For example, an individual with a business income of \$100,000 will save 51 percent of the tax by incorporating, but an individual with a business of \$500,000 will save approximately 70 percent of the tax by incorporating.

There are different ways by which this absurd result can be eliminated. The Revenue Act of 1936, which has been abandoned, followed one of the different methods which possibly might be used. That method was adopted in 1936, after the President called attention to this unusual way of escape.

#### HOOVER'S TAX REDUCTION IN 1929 DID NOT BRING PROSPERITY

The new tax law reduces the undistributed-profits tax to a shadow. As in the old days, the stalwarts of reaction would have us believe that the big corporations will promptly begin building bigger factories and hiring more men just as soon as the tax bill is passed. However, millions of people in this country know that this is not so. The big corporations did not build bigger factories and increase employment in 1929, when the Hoover administration reduced the taxes on these corporations. They will not do it now, and I shall tell you why.

#### THE REVENUE ACT OF 1938 WILL NOT BRING PROSPERITY, EXCEPT FOR THE WEALTHY

Every business index shows that, beginning in September of 1937, business activity in this country went into a tail spin and has decreased to the 1934 level. The steel mills are running at about 35 percent of capacity, whereas a year ago they were up to 90 percent of capacity. The prices of wheat and cotton are less than 55 percent of their prices a year ago. Unemployment has rapidly increased, 4,000,000 losing their jobs in 6 months. These facts we all know. We also know that the big corporations do not build new plants and increase employment in the face of these conditions. They will

employ more men when, and only when, they receive sufficient orders to require such employment.

The mere passage of a new tax bill is not going to give them more orders. They will not, out of the bounty of their hearts, employ more men just because 12,000,000 men are unemployed.

#### WE CANNOT FEED THE UNEMPLOYED BY REDUCING REVENUES

If these 12,000,000 unemployed are given jobs, the Government will have to provide the jobs. The Government will have to do this, even though we are in a recession and Government revenues will soon begin to fall off. Perhaps I should not mention the coming drop in Government revenues, for that is one of the secrets which apparently is not to be told in connection with this tax bill. But I happen to be one of those persons who do not believe in Government officials keeping such secrets from the people.

I believe that the people should know that it is now dead certain that within a short time the Government revenues will be going into a tail spin, and that there is nothing in the present tax bill to prevent it. Apparently this is the reason why during the consideration of the tax bill the Treasury has never submitted to the Members of Congress any figures which definitely show how much revenue the tax bill will produce. The Treasury has not submitted any such figures, even though requested by Members of Congress. This year is, so I understand, the first time in many years when a major tax bill has been considered without the Treasury supplying careful estimates of the revenue to be produced under the bill. Why did not the Treasury do so this time?

The answer to this is clear. Big business wants the new tax bill to be called a \$5,300,000,000 tax bill. No one can believe that it will begin to raise that much money. But big business knows that if 120,000,000 people were told how little revenue the tax bill will produce, there would not be any such tax bill. Within my experience in Congress I have never witnessed a more deliberate attempt to deceive the American people.

#### TAX EXEMPTIONS, LOOPHOLES, AND CUSHIONS DO NOT RAISE REVENUE

The common sense of the American people should rebel against such trickery. Everyone should know that a business recession is always followed by a drop in Government revenues, unless taxes are increased. This bill does not increase taxes. It repeals taxes and lowers the ones retained. In addition to the special privileges referred to above, it lowers the capital-gains tax. It reduces the undistributed-profits tax to a mere shadow. It repeals the excise tax on speculators in commodities who buy and sell on the Board of Trade. It reduces the tax on tires and inner tubes. It removes the tax on oil imported for use in manufacturing rubber substitutes. It provides a new device for lowering the capital-stock tax and excess-profits tax. Those who formed personal holding companies to evade tax are permitted special treatment in liquidating such corporations. With these changes and others like them, no one can honestly say that the bill itself will not reduce the revenues.

In addition to this, it is imminent that there will be a drop in revenues due to the recession. However, all of this was ignored in drafting the new bill. Moreover, the drafters of this bill also ignored the fact that more money must be spent to care for the unemployment during the present recession. This tax bill ignores existing conditions and, in instance after instance, cuts the taxes on those most able to pay. How little revenue the bill will produce is, according to my information, to be kept a secret as long as possible and, if possible, until after the elections.

#### WHAT NEXT—A SALES TAX ON THE POOR?

In view of the present conditions and the certain loss in revenues, it is my prediction that the new tax bill is the first step toward a general sales tax. It is also my prediction that after the November elections we shall hear more about sales taxes. In other words, the new tax law has provided the first step in the drive to shift from the wealthy to the poor a greater share of the tax burden.



## HOW THEY PUT IT OVER FOR THE WEALTHY

For the purpose of illustrating the tax reductions and exemptions allowed by the new tax bill in the face of a recession and a certain drop in revenues, I submit the following:

First. Under section 14, of the Revenue Act of 1936, the corporation surtax on undistributed profits was fixed at graduated rates of 7 percent, 12 percent, 17 percent, 22 percent, and 27 percent. Under section 13 of the new tax law, the tax on undistributed profits is only 2½ percent (and, as noted below, further cushions are allowed).

Second. A new cushion is provided with respect to deficits. See section 27 (a) (3).

Third. Another cushion is given with respect to corporation debts. (Query: What tax lobbyist obtained this?) See section 27 (a) (4).

Fourth. A new cushion is also given to allow corporations to carry forward losses, which is an adaptation of a Republican provision. See sections 26 (c) (2) and 27 (b) (2).

Fifth. Personal holding companies, which are companies especially designed to evade tax, are given a cushion which is called a dividend carry-over. See section 405 (a).

Sixth. These same corporations are also allowed a cushion which gives them the benefit of dividend payments made after the close of the year. See section 405 (c).

Seventh. Certain finance companies are exempted from the tax on personal holding companies. This accommodates a Washington tax lobbyist. See section 402 (b).

Eighth. Public utility companies are exempted on certain transactions ordered by the Securities and Exchange Commission. See section 371.

Ninth. The tax on capital gains is reduced as pointed out by the President. See section 117.

Tenth. Special methods of taking inventories are permitted certain industries. This will permit the clients of certain Washington tax lobbyists to receive special privilege. See section 22 (d).

Eleventh. A higher basis for depreciation and the computation of gain or loss is allowed with respect to property received in certain tax-free corporate reorganizations. See sections 113 (a) (7) and 807.

Twelfth. A similar benefit is given with respect to property received on certain tax-free liquidations of corporations. It satisfies the clients of certain tax lobbyists. See sections 113 (a) (15) and 808.

Thirteenth. Amounts received on certain claims against the United States are exempted from tax (another victory for Washington tax lobbyists). See section 106.

Fourteenth. A new way for reducing the capital-stock tax is allowed under a special 3-year valuation scheme (another clever scheme). See section 601.

Fifteenth. Tax on tooth and mouth washes, dentifrices, tooth pastes, and toilet soaps is repealed (you name the companies receiving the benefits of this). See section 701.

Sixteenth. The tax on furs is repealed (this is not for the benefit of the poor, in case you are in doubt). See section 701.

Seventeenth. The tax on phonograph records is repealed (it is not difficult to count the companies benefited by this). See section 701.

Eighteenth. The tax on sporting goods is repealed (this is tax relief for the poor golfers, but more directly it is for the benefit of one or two companies who manufacture these goods). See section 701.

Nineteenth. The tax on cameras and camera lenses is repealed. (The Kodak company steps into line to receive its handout.) See section 701.

Twentieth. The tax on chewing gum is repealed (and will Mr. Wrigley be pleased). See section 701.

Twenty-first. The tax on producers and refiners of crude petroleum is repealed. See section 701 (note that the tax was on the producers).

Twenty-second. The tax on brewer's wort, liquid malt, malt sirup, and malt extract is repealed. See section 701. The brewing industry will no doubt recover with this privilege.

Twenty-third. The stamp tax on sales of produce for future delivery is repealed. See section 701. That helps those speculating on the board of trade.

Twenty-fourth. The tax on paper and plain wood matches is repealed. See section 707. This will bear a little investigation.

Twenty-fifth. The tax on imported hempseed, imported perilla seed, and imported sesame seed is reduced from 2 cents per pound to 1.24, 1.38, and 1.18 cents, respectively. See section 702.

Twenty-sixth. The tax on imported rapeseed oil is repealed as to such oil used in making rubber substitutes or lubricating oil. See section 702. What companies do you suppose receive this benefit?

Twenty-seventh. The import tax on coconut oil produced in Guam or American Samoa is repealed. This is for the benefit of those importers who are financially interested. See section 702 (a), (b).

Twenty-eighth. The tax on palm oil used in the manufacture of terneplate is repealed, for the benefit of those qualifying. See section 703. If there is anyone who does not qualify, it is his own fault. He should have employed a tax lobbyist.

Twenty-ninth. Certain compounds are exempted from the tax on filled cheese, for the purpose of helping the cheese companies. See section 706. Is there anyone who does not know the answer to this? If not, then we should investigate.

In conclusion let me say that it seems to be generally admitted that a new tax bill will be badly needed early next session. The question is what kind of a tax bill and who will write it? Will the chosen representatives of the people be permitted to write a tax bill in keeping with the long-established Democratic principles of Thomas Jefferson, "Equal rights to all and special privileges to none," or will the tax lobbyists of Washington be able to continue to write the tax laws, through which their wealthy clients escape a large portion of the taxes they should pay?

## EXTENSION OF REMARKS

Mr. FLETCHER. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Record with reference to amendments I have introduced to the Social Security Act and the Old Age Pension Act.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a short but very powerful editorial on tolerance and understanding which recently appeared in the Boston Herald.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

## PERMISSION TO ADDRESS THE HOUSE

Mr. COLMER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLMER. Mr. Speaker, most of the Members of the House are familiar with one of the products that the Mississippi coast excels in, having partaken of that delicacy, the sea food, that comes from that area.

I rise this morning to call the attention of the Members of the House to another product which that delightful section of this country excels in, and that is its young manhood. Today at this very hour there is graduating from the Naval Academy at Annapolis, Md., as the honor man of his class, John E. Dacey, Jr., who hails from Biloxi, Miss. [Applause.]

In view of the fact that this young man happens to be my first appointee to the Naval Academy I feel I am justified in taking pride in announcing to my colleagues this fact.

Moreover, Mr. Speaker, this young man is remarkable in several ways. In addition to have led his class throughout the 4 years of his stay at that academy he has received

several outstanding awards there. I might also add that he was an outstanding student at the Biloxi High School from which he graduated. At high school he gathered in practically all of the honors offered, even as he has done at the Naval Academy. Unlike most young men who receive appointments to the Naval and Military Academies he did not attend a preparatory school to prepare for entrance to the academy. On the contrary, he went directly from high school to the Naval Academy. His record in high school was replete with honors and there, too, he was the valedictorian of his class.

On today he is handed his diploma by the President of the United States. Tomorrow he enters the service of his country which has spent so much for his education and training. That he will not fail his country as he has not failed his parents and his instructors is quite evident. Surely the chances that he will be an admiral of the future are better than even.

#### EXTENSION OF REMARKS

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include certain correspondence with the Secretary of State.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### CHIPPEWA INDIANS OF MINNESOTA

Mr. BUCKLER of Minnesota. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4544) to divide the funds of the Chippewa Indians of Minnesota between the Red Lake Band and the remainder of the Chippewa Indians of Minnesota, organized as the Minnesota Chippewa Tribe, and ask for its repassage.

The SPEAKER. Has the gentleman from Minnesota consulted with the chairman of the Committee on Indian Affairs in reference to this resolution?

Mr. BUCKLER of Minnesota. No; but this bill was on the Consent Calendar and was passed by the House 2 or 3 weeks ago. It has come back from the Senate with a few amendments that do not amount to very much. It is a bill to divide the funds of the Chippewa Indians of Minnesota between two bands of Indians. There are no objections that I know of.

Mr. RAYBURN. Mr. Speaker, the gentleman has not consulted members of the Committee on Indian Affairs, and I will therefore have to object.

The SPEAKER. Objection is heard.

#### PROPOSED REMEDIAL WORKS AT NIAGARA FALLS AND THE NEWLY SUGGESTED ST. LAWRENCE TREATY

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANDREWS. Mr. Speaker, with the announcement by the Secretary of State on yesterday of the President's new proposal for a St. Lawrence waterway project, it is apparent that the President refuses to consider as a separate project that for remedial works at Niagara Falls to preserve the crests of the two falls. Much sentiment on both sides of the international boundary has favored an immediate international agreement so that this project might be carried out, but the President insists in coupling it up with his ideas for the waterway, which is still bitterly opposed in New York State, and I fail to see any new reasons for the waterway treaty being adopted either by Canada or the United States Senate.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a letter from the President, dated March 25, 1938, which since then has been regarded as confidential, together with a letter from the Prime Minister of Ontario, Mr. Hepburn, on the general waterway subject, and a portion of which refers to Niagara Falls.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ANDREWS. Mr. Speaker, the letters referred to are as follows:

[Confidential]

THE WHITE HOUSE,  
Washington, March 25, 1938.

MY DEAR CONGRESSMAN ANDREWS: This will acknowledge your letter of February 14, 1938, enclosing a copy of the booklet entitled "Weir Construction at Niagara," and expressing an interest in the question of further developments in the matter of the proposed remedial works at Niagara.

The receipt is also acknowledged of your letter of February 17, 1938, enclosing an excerpt from the CONGRESSIONAL RECORD embodying the text of a communication, dated February 12, 1938, addressed to you by Premier Hepburn, of Ontario, together with a brief statement made by you.

With regard to your first communication, I appreciate your interest and assure you that I am doing everything possible to further the undertaking of these works in connection with a general program for the utilization of the Great Lakes-St. Lawrence Basin in the interests of both Canada and the United States. You have in mind, of course, that in the 1929 Convention and Protocol for the Preservation of Niagara Falls the proposed works were definitely associated with provision for additional diversion at Niagara for power purposes.

Changes in the conditions upon which the 1909 boundary waters treaty allocated water for power purposes, especially the obsolescence, in terms of efficient utilization of Niagara water, of the then existing power projects, render a reconsideration of the entire question urgent in the interest of both New York State and the Province of Ontario.

Furthermore, the problems of Niagara cannot be dissociated from the broader problems of the entire basin. Thus, certain provisions of the St. Lawrence treaty of 1932 would alter materially the outflow of Lake Erie through the Niagara River, in turn affecting the water available for scenic effects and for power diversion.

The policy of the United States Government in dealing with such matters must be governed by the widest interest of the country as a whole, and not by the specific interest of any one section. In international matters it must also take account of the needs and desires of a neighboring people.

For instance, the citizens of your State and the Province of Ontario are entitled to the use, as their needs require, of the large additional supplies of cheap power which can be made available under a general agreement between the United States and Canada such as I contemplate. This agreement can be made a simple embodiment of a plan for the ultimate utilization to the full of the available power in both the Niagara and St. Lawrence Rivers. If such a treaty were completed this year, the new supplies of power would not be available for from 5 to 7 years at the earliest.

In the use of unusual hydroelectric resources of this order plans must be initiated far in advance if supplies are to fit into the assured growth of demand. Only as such plans are initiated today can the United States be protected against the real danger of continued and increasing dependence on foreign sources for the future supply of cheap hydroelectric power which is so essential to modern industrial development in the Northeast.

You are no doubt aware of the fact that failure to secure a treaty making possible the St. Lawrence power development some years ago compelled the Province of Ontario to contract for large supplies of power from private companies in the Province of Quebec. Similarly, arrangements are under way which, if completed, would make New York dependent for a portion of its power supply upon the Province of Quebec at a price considerably above the cost of similar power supplies from the proposed joint development of the international section of the St. Lawrence River.

The result would be that new industrial development would find cheaper power available in Quebec than in the Northeastern section of the United States. I need hardly call your attention to the effect of this in terms of peacetime prosperity. But I must emphasize the grave danger to the United States implicit in such a situation in case of war, for such industries are in many instances readily transferable to the production of munitions and other war supplies. Reference to the situation in 1918 will, I believe, convince you that the development of a nation's own hydroelectric power resources in advance is an important factor in national defense.

I am sure that a review of all the factors involved will convince you that a piecemeal approach to settlement of the questions involved in joint use of the Great Lakes-St. Lawrence Basin would not serve the ultimate interests of either the United States or Canada. Full cooperation of all interested in specific aspects of the matter should assure the early consummation of a general treaty containing ample provision for the separate but not separable objectives.

With regard to your communication of February 17, and the enclosures thereto, I am not in a position to comment on the observations communicated to you directly by Premier Hepburn, of Ontario. International usage prescribes the proper channels through which the views of one government shall be made known to another and it has been found in practice that deviations from the accepted course are more apt to cause confusion and delay than to facilitate the reaching of an agreement.

I am returning to you Mr. Hepburn's letter.

Very truly yours,

FRANKLIN D. ROOSEVELT.



ONTARIO,  
OFFICE OF THE PRIME MINISTER  
AND PRESIDENT OF THE COUNCIL,  
Toronto, February 12, 1938.

DEAR MR. ANDREWS: I have followed with great interest the debate now being carried on with respect to the Chicago Drainage Canal. I was particularly impressed with the statement of Governor Lehman, of New York, in which he said, "The present diversion is causing millions of dollars of damage to the commerce and industries of New York State." This brings to my mind the discussion we had with regard to Ontario's proposal to divert certain waters into the Great Lakes system. In order to refresh your mind may I briefly outline our proposals. The first mentioned involves the diversion of what is known as Long Lac into Lake Superior, with the hope that an additional 1,200 cubic feet per second can be added to the Great Lakes system.

The Ogoki River diversion is a somewhat larger project. This river is one of the two principal tributaries to the Albany. By constructing certain dams our engineers advise that we can raise the water some 35 feet, which would divert the entire flow southward through Lake Nipigon and into Lake Superior. Approximately 4,000 cubic feet per second would thus be added to the Great Lakes system, which undoubtedly would be of substantial benefit to navigation. While I do not wish to be drawn into the controversy regarding the Chicago Drainage Canal, I am satisfied that the proposal to divert the waters will not result in the waters having to find their way into Lake Michigan and pouring down the Chicago Drainage Canal. The latter channel is situated on Lake Michigan and the flow of water is not from the Great Lakes System into Lake Michigan, but from Lake Michigan into the Great Lakes. There are no outlets from Lake Michigan except the Strait of Mackinac and through it into Lake Huron, except for the Chicago Drainage Canal's withdrawal, which at present amounts to 5,000 cubic feet per second. Lake Michigan adds to the general system the entire capacity of its drainage area.

The immediate advantage to Ontario would be to open up the great timber areas now inaccessible and to provide water power at points where the increasing demand is putting us in a position where we will not be able to supply the natural needs by, it is estimated, 1940. The main obstacle at the moment appears to be that we cannot separate the problem of diverting Ontario's waters into the Great Lakes system from the general scheme known as the St. Lawrence waterways.

In view of the tremendous economic advantage the Province would receive, for the reasons referred to, the Government is willing to forego any discussion regarding further diversion at Niagara, or the St. Lawrence scheme, should some exchange of notes between Washington and Ottawa permit Ontario to carry out the schemes referred to. The cost of the Long Lac diversion is estimated at \$1,340,000, and the preliminary estimates for the Ogoki indicate the cost will be in the neighborhood of \$3,250,000. At the present time work is already under way with respect to the Long Lac diversion, but due to international complications it is not our intention to have a continuous flow of water, only diverting sufficient to transport pulpwood for the open-season months, during which time river operations are carried on. During the remainder of the year no water will be carried through the Canal.

In view of your tremendous interest in the Great Lakes problems, as indicated by the conversation we had some while ago, I am sure you will render any support possible in order to bring about a settlement of this complicated problem. I have had further reports from our departments of game and fisheries and health, and it appears that if we can increase the flow of water through the Detroit and Niagara Rivers to the extent of 5,200 cubic feet per second, it will assist materially the problem of river pollution. Another added advantage would be to increase the flow over the falls at Niagara, which in the opinion of some engineers, would prevent a repetition of the terrible disaster which occurred there a few weeks ago, resulting in the loss of the international bridge, and damages to our Ontario power plant, the extent of which cannot be estimated at the present time. It is quite obvious that by diverting so much water above the Falls we are not leaving sufficient flow to take care of certain ice conditions. I wish, however, to reaffirm our position regarding the ultimate effect of the waters proposed to be diverted under the schemes referred to. At the present time, having settled with the Quebec power companies, we have now available sufficient power reserves to take care of our ordinary requirements for another 10 years and there is little or no likelihood that the question of further diversion at Niagara will be considered. However, on checking the files in our departments I find that the St. Lawrence Deep Waterway Treaty signed at Washington on July 18, 1932, but not ratified, contained a provision for the retention for the benefit of Canada of any water diverted into the Great Lakes system, for I quote paragraph (d) of article VIII in the treaty, which reads as follows:

"The high contracting parties, recognizing their common interest in the preservation of the levels of the Great Lakes system, agree: That, in the event of diversions being made into the Great Lakes system from watershed lying wholly within the borders of either country, the exclusive rights to the use of waters equivalent in quantity to any waters so diverted shall, notwithstanding the provisions of article IV (a), be vested in the country diverting such waters, and the quantity of water so diverted shall be at all times available to that country for use for power below the

point of diversion, so long as it constitutes a part of boundary waters."

I am pleased to note by your letter that the President was sufficiently interested to discuss the Niagara problem with you personally. In our country we have untold millions invested in our railway systems which today are operating at a loss of approximately \$1,000,000 per week. Being thus involved it does not seem economically sound to create another avenue of transportation when we are losing in the manner referred to, nor is there any need for further power development, inasmuch as we have a tremendous surplus and are seeking at this moment the right to export to the United States. I do hope, however, that the President can see his way clear to separate the proposed St. Lawrence waterway scheme from other problems which have to do wholly with the waters above Niagara.

Yours sincerely,

M. F. HEPBURN.

#### EXTENSION OF REMARKS

Mr. CULKIN asked and was given permission to extend his own remarks in the RECORD.

Mr. CITRON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a speech delivered by the Secretary of War.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. BOREN. Mr. Speaker, I ask unanimous consent to include in an extension of my remarks extracts from certain letters about my record in Congress.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. VOORHIS. Mr. Speaker, I ask unanimous consent to include in an extension of my remarks a short resolution by the board of supervisors of Los Angeles County.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DALY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by my colleague the gentleman from New Jersey [Mr. WOLVERTON] in Camden last week.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CULKIN. Mr. Speaker, in view of the request of the gentleman from New York [Mr. ANDREWS], I ask unanimous consent to revise and extend my remarks in the RECORD and include therein correspondence between the Secretary of State and the Minister from Canada, and the proposed treaty, on the subject of the St. Lawrence waterway.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, permission to address you has been asked so that the attention of the House might be called to the manner in which the police in Detroit are misusing the U. A. W. A. strikers.

Heretofore, for some reason best known to photographers, reporters, and publishers, columns have been filled with the brutality of the police when conflicts have occurred between strikers and police.

When pictures have accompanied these articles those pictures have shown in almost every instance two or three police engaged in pulling, hauling, carrying, or beating a striker. This notwithstanding the fact that in almost as many instances the news reports showed that the strikers outnumbered the police as many as a hundred to one. Frequently, the proportion of strikers to police was far greater.

This, too, notwithstanding the fact that the lists of those injured frequently showed that far more innocent bystanders and police suffered from violence than did strikers.

If there was a woman around about the vicinity of the strike, even though the workers in the factory struck were all men, almost invariably a picture of her being man-handled by police occupied a prominent place.

It may be that this partiality toward exhibiting strikers as victims, rather than as aggressors, was due to the well-known fact that police the country over, and especially those engaged in strike activities, have been especially forbearing; have, like Job, shown unlimited patience; have not once but many times turned the other cheek; have suffered every conceivable indignity and humiliation in an attempt to avoid violence.

After every strike U. A. W. A. and C. I. O. spokesmen get to the front with claims of brutality on the part of law-enforcing officers; this notwithstanding the fact policemen have never been known to appear on the scene where there was peaceful, lawful picketing.

As a rule, it is only where strikers, armed, form lines which prevent peaceful workers from going to their places of employment that police make any attempt to interfere.

Were the tables turned and members of U. A. W. A. or C. I. O. intent on reaching their working places in factory or mill and were they prevented from so doing by citizens generally or by other workers who were seeking their jobs, the C. I. O. and U. A. W. A. boys would gladly welcome the assistance of the police.

The particular incident which I wish to call to your attention is that depicted by this picture which I hold before you—and you will find it in a recent issue of the *Detroit News*—which shows the staffs which the strikers used to hold their placards aloft.

These placards were pieces of pasteboard 6 by 8 or 8 by 10 inches in dimension. Of course, they were somewhat weighty. So that they might be held aloft, each striker provided himself with a standard or staff on which to hold one. These standards or staffs were 2 inches square—2 by 2's—each 3 feet long.

It can readily be seen that a standard but an inch square or, for example, a half inch thick and an inch wide would not be strong enough to sustain the weight of a piece of cardboard 8 by 10. If you doubt it, try it yourself and notice how the weight of the cardboard makes the staff bend and sway, even though there be no breeze.

So that these cards might be held aloft and plain to the view of the multitude, the strikers, as stated, fastened them to a 2-inch square, 3-foot shaft. How were they fastened? By tacks or by twentypenny spikes?

The picture in the paper does not disclose, although it does show plainly the head of the tacks or spikes. True, a tack would hold, but a twentypenny spike would hold much better.

And not only that, but a twentypenny spike would go through the 2 by 2 and leave ample length of spike protruding on the opposite side so that if a striker had any doubt about which way a policeman wanted him to go it could readily be used—although doubtless no striker would so use it—either to prod Mr. Policeman in the rear or to gently fasten it in his trousers and pull him this way or push him that way.

When these strikers, outnumbering as they often do, a hundred to one the policemen sent to guard those men who want to go to their places of employment, march upon the factory gate, there gather in mass formation and present a solid wall of men, not armed, but carrying 3-foot sticks 2 inches square, with, shall we say, tacks or spikes driven through the end, it is not strange that honest workmen, seeking to earn in these days of unemployment the few dollars which may be obtained by honest toil, confronted by this body of strikers so prepared with placards and staffs, the unarmed workers hesitate and call upon those who are supposed to administer the law of the land to open the way so that they may go to their places of toil, earn their daily bread, and, perchance, a little surplus to sustain life in the women and children at home.

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But no, the heads of the industry where these honest workers are employed have not yet signed on the dotted line; or perhaps some of these men have not paid tribute to the C. I. O., to the U. A. W. A., so they must be denied the right to work.

This being the case, the police being summoned and possessing, as some of them do, the old-fashioned idea that in this land of ours, this land of freedom, which the Communists have not yet completely taken over, men have the right to work, attempt to open a way for the men who want to work, to go to their places of employment, these staffs—I cannot call them clubs because they are wielded by U. A. W. and C. I. O. strikers, some of whom may be—many of whom in some instances in the past have not been—employed in the factory where the strike is called—are brought down gently, shall we say, upon the heads, the shoulders, the arms of the police.

Or, perchance, some of these tacks, or if they be twentypenny spikes, shall we again say inadvertently, find their way into various parts of the anatomy of the police.

Oh, it is all a mistake. It is brutality on the part of the police. And, as the U. A. W. A. and C. I. O. gangsters say, it is unfair and it is cowardly and it is not sporting for the police to use their night sticks, a foot or a foot and a half long, in retaliation.

No, oh, no; the mayor of Detroit should see to it hereafter that when the U. A. W. A. strikers, even though they do not come from Detroit; even though, prior to the recent labor troubles, they never lived in Detroit; even though they are all on Detroit's welfare list; even though they never worked in any Detroit factory, the mayor and his chief of police should see to it that the policemen take off their underwear, if they are so fortunate as to have any, so that the tacks or the twentypenny spikes may do full execution; that they discard their helmets and their coats so that the staffs, 3 feet long and 2 inches square, without rounded edge, but with sharpened corners, may take full effect, and the policemen learn once for all that C. I. O. and U. A. W. A. and its gangsters have the right in Detroit to say who shall and who shall not work.

[Here the gavel fell.]

#### MILITARY ESTABLISHMENT APPROPRIATION BILL, 1939

Mr. SNYDER of Pennsylvania. Mr. Speaker, I call up the conference report on the bill (H. R. 9995) making appropriations for the Military Establishment for the fiscal year ending June 30, 1939, and for other purposes.

The Clerk read the title of the bill.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9995) making appropriations for the Military Establishment for the fiscal year ending June 30, 1939, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 6, 8, 11, 15, 16, 17, 18, 22, 23, 25, 26, 27, 32, 38, 39, 40, 41, 42, and 44.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 28, 29, 34, 35, 37, 43, and 46, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$74,318"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "twelve thousand five hundred and seventy-five"; and the Senate agree to the same.



Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$35,162,068"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$2,531,537"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$68,764,504"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$400,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$6,765,280"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$6,659,228"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$167,043,837"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$2,720,850"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$30,022,750"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$12,922,590"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"Fort Sill, Oklahoma, \$331,000;"

And the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$10,269,880"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$38,232,034"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "and, in addition, \$502,354 of the appropriation 'Reserve Officers' Training Corps, 1938,' such amount of such appropriation being hereby reappropriated for the purpose of increasing the number of advanced course students at existing institutions"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 20 and 30.

J. BUELL SNYDER,  
JOHN F. DOCKWEILER,  
DAVID D. TERRY,  
JOE STARNES,  
ROSS A. COLLINS,  
D. LANE POWERS,  
ALBERT J. ENGEL,

*[Managers on the part of the House.]*

ROYAL S. COPELAND,  
CARL HAYDEN,  
ELMER THOMAS,  
MORRIS SHEPPARD,  
JOHN G. TOWNSEND, Jr.,

*Managers on the part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9995) making appropriations for the Military Establishment for the fiscal year ending June 30, 1939, and for other purposes, submit the following statement in ex-

planation of the effect of the action agreed upon in the accompanying conference report as to each of such amendments, namely:

On amendment No. 1: Increases the limitation upon expenditures from military appropriations for pay of employees in the office of the Chief of Ordnance from \$54,860, as proposed by the House, to \$70,000, as proposed by the Senate.

On amendment No. 2: Restores House provision designed ultimately to bring about civil clerical staffs in all offices of the War Department at Washington.

On amendment No. 3: Appropriates \$74,318 for expenses of the Army War College, instead of \$73,238, as proposed by the House and \$75,518 as proposed by the Senate.

On amendments Nos. 4 to 14, both inclusive, relating to pay of the Army: Provides for pay of 12,575 commissioned officers, instead of 12,300, as proposed by the House, and 12,853, as proposed by the Senate, the increase of 275 dividing 200 for the Air Corps, 50 for the Medical Corps, and 25 for the Dental Corps, and occasioning an addition to this appropriation for pay and allowances of \$571,137; limits the number of medical officers in a flight-pay status to 5, as proposed by the House, instead of 36, as proposed by the Senate; provides for an average of 165,000 enlisted men, instead of 168,436, as proposed by the Senate, occasioning an addition to this appropriation of \$756,000, instead of \$1,975,319 under the Senate's proposition. The House bill textually permitted the maintenance of an average strength of 165,000, but did not carry funds sufficient to pay more than an average of 162,000 men. It was the thought and purpose of the conference committee that the Department would assign the 3,000 additional men to Air Corps duties. Also provides an initial appropriation of \$400,000 for pay of enlisted men, Regular Army Reserve, pursuant to the act of April 25, 1938, as proposed by the Senate, except that the amount is \$50,000 less than the Senate proposed.

On amendment No. 15: Strikes out legislative proposition proposed by the Senate, which has been cared for in Public, No. 490, approved April 25, 1938.

On amendment No. 16: Strikes out provision proposed by Senate, amending the National Defense Act with respect to the basic allotment of enlisted men to the Air Corps.

On amendment No. 17: Strikes out proposal of Senate to amend National Defense Act by establishing a Regular Army Reserve, the matter being cared for in Public, No. 491, approved April 25, 1938.

On amendment No. 18: Restores proposal of the House directed against Regular Army personnel engaging with unofficial military publications and which carry paid advertising of firms doing business with the War Department.

On amendment No. 19: Appropriates \$2,720,850 for travel of the Army, instead of \$2,713,350, as proposed by the House and \$2,823,650 as proposed by the Senate.

On amendments Nos. 21 and 22, relating to subsistence of the Army: Appropriates \$30,022,750, instead of \$29,530,000 as proposed by the House and \$30,463,925 as proposed by the Senate, and strikes out the clause inserted by the Senate in the limitation respecting the purchase of butter substitutes requiring that such substitutes shall be made wholly from products grown in the United States.

On amendment No. 23: Appropriates \$13,420,900 for clothing and equipment, as proposed by the House, instead of \$13,730,890, as proposed by the Senate.

On amendment No. 24: Appropriates \$12,922,590 for Army transportation, instead of \$12,908,265, as proposed by the House and \$12,975,688 as proposed by the Senate.

On amendments Nos. 25 and 26: Appropriates \$81,750 for horse-breeding activities, as proposed by the House, instead of \$100,000, as proposed by the Senate.

On amendments Nos. 27, 28, 29, 31, 32, and 33, relating to military posts: Strikes out appropriations proposed by the Senate as follows: Concurrent and National Guard camp, Fort Sill, Okla., \$400,000; Fort Missoula, Mont., \$79,880; Fort Francis E. Warren, Wyo., \$277,500; Fort Wayne, Mich., \$68,000, and Carlisle Barracks, Pa., \$175,500; appropriates \$331,000 for Fort Sill, Okla., as proposed by the Senate, and makes two textual corrections, as proposed by the Senate.

On amendment No. 34: Appropriates \$13,551,280 for barracks and quarters, as proposed by the Senate, instead of \$13,376,280, as proposed by the House.

On amendment No. 35: Fixes the amount of the appropriation for the Army Air Corps to be applied to the procurement of new combat airplanes and their equipment and accessories, and to the procurement of spare engines and spare parts for new airplanes provided for in the current appropriation, at \$33,150,646, as proposed by the Senate, instead of \$34,841,690, as proposed by the House.

On amendments Nos. 36 and 37, relating to the Ordnance Department: Appropriates \$38,232,034, instead of \$32,232,034, as proposed by the House and \$48,038,259 as proposed by the Senate, and increases the amount by which the Secretary of War may enter into contracts to be satisfied by subsequent appropriations from \$2,900,000, as proposed by the House, to \$12,900,000, as proposed by the Senate. It was the sense of the conferees on the part of both Houses that not to exceed \$1,200,000 of the additional amount thus made available would be employed on account of tooling and machinery for the production of semiautomatic rifles, and that all of the remainder would be devoted to antiaircraft material for use with seacoast defenses or otherwise.

On amendments Nos. 38, 39, 40, and 41, relating to seacoast defenses: Appropriates a total of \$6,748,558, as proposed by the House, instead of \$23,539,305, as proposed by the Senate, and

adheres to the geographical distribution proposed by the House of the amount agreed upon.

On amendment No. 42: Appropriates for expenses, camps of instruction, and so forth, National Guard, \$9,126,100, as proposed by the House, instead of \$9,626,100, as proposed by the Senate.

On amendment No. 43: Appropriates \$11,722,340 for the Officers' Reserve Corps, as proposed by the Senate, instead of \$10,933,162, as proposed by the House, the additional amount being intended to provide 14-day active duty training for 30,000 officers, instead of 25,530, as proposed by the House.

On amendments Nos. 44 and 45, relating to the Reserve Officers' Training Corps: Makes a direct appropriation of \$4,323,488, as proposed by the House, instead of \$4,597,248, as proposed by the Senate, and makes a reappropriation of \$502,354, instead of \$517,850, as proposed by the Senate, and strikes out the Senate language providing that no part of the appropriation shall be reserved by administrative direction. The amount reappropriated is to permit of the purchase of additional horses, and to provide for 15,000 advanced-course students in schools and 7,850 in camps, the House having provided for 14,000 and 7,265, respectively, and the Senate for 18,000 and upward of 8,000, respectively.

On amendment No. 46: Makes \$200,000 of the appropriation proposed by the House for citizens' military training camps available immediately, as proposed by the Senate.

#### *Amendments in disagreement*

The committee of conference report in disagreement the following amendments of the Senate:

On amendment No. 20: Making a reappropriation of \$77,644 under "Travel of the Army."

On amendment No. 30: Making an appropriation of \$2,495,300 for construction at Kelly Field, Tex.

J. BUELL SNYDER,  
JOHN F. DOCKWEILER,  
DAVID D. TERRY,  
JOE STARNES,  
ROSS A. COLLINS,  
D. LANE POWERS,  
ALBERT J. ENGEL,

*Managers on the part of the House.*

Mr. SNYDER of Pennsylvania. Mr. Speaker, as it passed the House this bill carried in direct appropriations \$448,116,284. That amount was \$5,172,551 below the Budget estimates.

As it passed the Senate the bill carried \$491,225,313.

Since the bill passed the Senate, supplemental estimates have been presented in the amount of \$6,400,000.

Considering such supplemental submissions, the Senate bill carried \$31,536,478 in excess of Budget estimates.

As we bring the measure from conference, if our conference report be adopted, instead of that increase of \$31,536,478, the bill will carry \$287,581 less than the Budget estimates. The total will be \$459,401,254.

In accomplishing that result, Mr. Speaker, I wish now to acknowledge the splendid cooperation and support I received from my fellow members of the conference committee of both the majority and minority parties.

The total of the bill I have given, I should say, excludes reappropriations, which, of course, occasion a draft upon the Treasury as much so as direct appropriations. The House bill carried reappropriations of \$3,670,476. The Senate increased that amount to \$4,265,970. We have agreed upon \$4,250,474, which, added to the direct appropriations the conference committee has agreed to, will make a total available for expenditure during 1939 of \$463,651,728.

That sum is \$11,864,968 more than the House had proposed, and it is \$31,839,555 less than the Senate proposed.

The Senate additions to our bill, by way of direct appropriations, fall almost entirely under five major headings, namely: "Personnel," "Military posts," "Ordnance," "Seacoast defenses," and "Civil components."

I shall discuss briefly the effect of the action agreed upon as to those five propositions.

First, personnel. The Senate added \$4,926,409 for increasing the officer and enlisted strength of the Regular Army and initiating the new enlisted Reserve force. We have agreed to \$2,241,712 of that amount for the following purposes:

An increase of the number of Air Corps officers by 200, or to 1,638.

An increase in the number of Medical Corps officers by 50, or to 1,133.

An increase in the number of Dental Corps officers by 25, or to 233.

To assure pay for an average enlisted strength of 165,000. I might say as to this item that we had in mind the need of the Air Corps for additional men. Under the House bill the average enlisted strength possibly would have been limited to 162,000.

Lastly, for initiating the new enlisted Reserve force, the approximate number 16,777. The ultimate objective is 75,000.

The second major heading is military posts. Here the Senate added \$3,827,180. We have agreed to \$2,826,300 of that amount, although \$748,300 is in the form of contractual authority instead of a direct appropriation. The entire amount agreed upon applies to two posts, namely, Fort Sill, Okla., and Kelly Field, Tex.

The third and fourth major propositions relate to ordnance and seacoast defenses, and I shall discuss them jointly.

The Senate added \$15,806,225 to ordnance service and supplies and \$16,790,747 to seacoast defenses, a total of \$32,596,972. In addition, the Senate proposed \$10,000,000 contractual authority under ordnance. The House had allowed \$32,232,034 under ordnance and \$6,748,555 under seacoast defenses, a total of \$38,980,589, and in addition contractual authority under ordnance of \$2,900,000. The House bill, bear in mind, provided for an increase over the current year under the two heads in question of \$11,840,269. The Senate proposed a further increase of \$32,596,969 without a formal recommendation of any kind from the executive branch of the Government.

The Senate increase as to direct appropriations divided in this way:

Antiaircraft material for seacoast defenses and other-wise	\$18,451,249
Seacoast-defense projects other than antiaircraft	10,108,268
Tooling and machinery for semiautomatic rifles	1,200,000
Antitank guns	912,000
Ammunition	1,925,000

The whole of the \$10,000,000 contractual authority proposed by the Senate was intended for antiaircraft material.

In lieu of that forty-two-million-and-odd dollars proposed by the Senate by way of direct appropriations and contractual authority we propose \$6,000,000 by way of direct appropriation, which has Budget support, and \$10,000,000 by way of contractual authority, the entire amount, with the exception of \$1,200,000 for tooling and machinery for semiautomatic rifles, being intended for antiaircraft material for use either on the seaboard or elsewhere. This is somewhat more than half of the additional amount that would be applied to antiaircraft material under the proposal of the Senate. And as to that, let me say this, Mr. Speaker: The House bill carried \$9,945,291 for antiaircraft material. Of that amount, \$2,320,804 was in connection with seacoast defenses. Considering the two amounts—that is, the amount originally provided by the House and the amount proposed in this conference report—there will be available for expenditure or obligation next year, roundly, \$24,700,000 for antiaircraft material of one form or another, and that, it seems to me, provides for a measure of advancement that should make everyone interested in this phase of national defense quite well satisfied.

Turning to the civil components, where the Senate added \$1,562,938 by way of direct appropriations and \$517,850 by way of a reappropriation, we have omitted provision for construction at National Guard camps; we have provided for 14-day training for 30,000 Reserve officers, which many of you will be interested to know, and we have provided for an increase in the number of advanced-course students in R. O. T. C. schools, both at schools and at camps.

That about tells the story, Mr. Speaker.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I will gladly yield to the gentleman.

Mr. RICH. Do I understand the bill as coming now from the conference carries a total of \$463,000,000?

Mr. SNYDER of Pennsylvania. Yes; including reappropriations.



Mr. RICH. Last year the bill carried \$416,000,000, this being an increase of \$47,000,000 for the Army?

Mr. SNYDER of Pennsylvania. Yes.

Mr. RICH. The entire sum for preparation for war, then, is going to be over \$2,250,000,000. A year ago someone thought that we might spend \$1,000,000,000 in preparation for war. Now, what is this administration going to say to the American people when we talk peace and yet are spending 125 percent more than we ever dreamed of spending for war, or a total of over \$2,250,000,000?

What in the world are we doing here, talking peace and then making these great preparations for war? It does not seem as if we are using our heads, does it? I cannot for the life of me see why, if we want to defend the shores of America against the aggression of any foreign country, we have to spend \$2,250,000,000 for purposes of war. Why build these six great war vessels at a cost of \$70,000,000 each for purposes of peace?

Mr. MAVERICK. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. MAVERICK. I shall ask the gentleman a question, but first I want the gentleman to listen to what I say. This is not for battleships, this is for national defense. It has nothing to do with preparations for war. This is for the preparation of peace. This committee has brought in a report here which is very moderate and conservative, an amount considerably under the amount the Senate reported.

Mr. RICH. Does the gentleman say that it is under the Senate, when we spent \$47,000,000 for this war appropriation bill over what we spent last year?

Mr. MAVERICK. I am not criticizing them. I think they have come to a very good conclusion. I do not think they are spending enough on coast defenses and antiaircraft guns. I am not criticizing them.

Mr. RICH. I am not going to criticize my colleague from Pennsylvania [Mr. SNYDER]. I am not here to criticize him, I am here to criticize the House and the Senate for increasing this by \$47,000,000 over what we had a year ago. I do not want to criticize a man if he thinks he is doing the right thing, but are we, as Members of Congress, doing the right thing when we are spending \$2,250,000,000 in preparation for war, are we taking the taxpayers' money and saying that we are going to make a military nation out of America? It does not seem possible that we should try to outdo Hitler in preparation for war.

Mr. SNYDER of Pennsylvania. Mr. Speaker, before moving the previous question, it would seem fitting for me to remind the House that the end of the Seventy-fifth Congress will mark the close of the distinguished service which has been rendered here by our esteemed friend and beloved colleague from California, JOHN F. DICKWEILER.

Mr. DICKWEILER and I entered the House together. Each of us was assigned to membership on the Committee on Appropriations, and each of us to membership on the same subcommittees, namely, Legislative and War Department. Mr. DICKWEILER, 2 years ago, succeeded me as chairman of the former subcommittee, and for 2 years he has been the ranking majority member of the War Department subcommittee. These assignments have thrown us into close contact. We have spent much time together at the committee table and, in 1935, in company with other colleagues, we conducted an extensive inspection of military posts and activities, both in the States and in Hawaii. Upon that occasion I enjoyed his hospitality in his charming home in Los Angeles, and there met his distinguished father, Hon. Isadore B. Dickweiler, who has been a prominent and influential figure in the Democratic Party since our colleague's early boyhood.

These continuous and close contacts have brought about a close friendship which I always shall cherish. They have revealed to me those sterling qualities of his which have won for him such widespread admiration and respect. His wide learning, his industry, his devotion to duty, his loyalty, his unflinching fairness and courtesy are outstanding traits not excelled by any in this Chamber.

His familiarity with national defense problems has been of inestimable help to me in dealing with matters respecting the Military Establishment. I have leaned heavily upon his counsel.

Our friend aspires to be Governor of his great State. That is what is taking him from our midst. He leaves us with a record of achievement in behalf of the administration, the Nation, his home State, and his own constituency to which he may well point with pride. I know of no man in public office who has demonstrated a greater appreciation of or a greater measure of devotion to the trust placed in him by an electorate than JOHN DICKWEILER.

I am sure I voice the sentiments of the membership on both sides of the aisle in wishing him Godspeed. [Applause.]

Mr. ENGEL. Mr. Speaker, will the gentleman yield to me?

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, first I wish to say a word with regard to the bill. We have here a beautiful illustration of what happens nearly every time when the Committee on Appropriations comes before the House. Either the Committee on Appropriations is condemned for making too large appropriations, or it is condemned for not making appropriations which have been authorized by the House. On May 10 last I placed in the RECORD a statement showing that three and a half billion dollars have been authorized during the past 6 years for which appropriations remain to be made. Members of this House have repeatedly criticized the Committee on Appropriations because it has thwarted the will of the House in not appropriating money which has been authorized. In the next breath they criticized the Committee on Appropriations for bringing in large appropriation bills. When we increased the Army to 165,000 men the additional men were added. They had to be fed, clothed, and equipped. This subcommittee worked hard on this bill, and has done a very good job.

I want to say just one word regarding our colleague, Mr. DICKWEILER. We have worked together for 2 years without regard to politics. We have tried to bring out the best possible bill in each case. In that work Mr. DICKWEILER has taken a splendid part. He is one of the most lovable characters I have ever met.

I have never served with a member of any committee, either here or in any other legislative experience I have had, for whom I have held a higher regard than for the gentleman from California [Mr. DICKWEILER]. My Republican colleague on the subcommittee, the gentleman from New Jersey [Mr. POWERS], joins me in expressing our sincere regret that the gentleman from California is not to be with us next year. We shall miss his genial smile and the committee will miss his experience and helpfulness in writing up the next bill. [Applause.]

[Here the gavel fell.]

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON of Texas. Mr. Speaker, I am unable to detect in the conference report what was done about the amendment to the House bill providing for an increase in young Reserve officers, the so-called Thomason Act.

Mr. SNYDER of Pennsylvania. The number was left at 650, just as provided by the House.

Mr. THOMASON of Texas. I observe that in amendment No. 34 the conferees accept the Senate figures for barracks and quarters. May I ask at what place?

Mr. SNYDER of Pennsylvania. Fort Huachuca, Ariz.

Mr. THOMASON of Texas. Is that the only place?

Mr. SNYDER of Pennsylvania. Yes.

Mr. THOMASON of Texas. I thank the gentleman.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 1 minute to the gentleman from Maine [Mr. OLIVER].

Mr. OLIVER. Did I understand the gentleman to say that an amount of \$24,000,000 has been appropriated for antiaircraft defense?

Mr. SNYDER of Pennsylvania. Yes; including \$10,000,000 by way of contractual authority.

Mr. OLIVER. How is that money to be allocated as between the seacoast and the interior?

Mr. SNYDER of Pennsylvania. That is up to the Army entirely.

Mr. OLIVER. I notice in the report of the House conferees that it is said that this money will be distributed according to the geographical determinations proposed by the House. Just what does that mean?

Mr. SNYDER of Pennsylvania. That applies to the seacoast defense funds carried in the bill as it passed the House.

Mr. OLIVER. Then, do I understand that a fairly liberal amount of this \$24,000,000 will go to anti-aircraft defense along the coasts?

Mr. SNYDER of Pennsylvania. Undoubtedly so. That was the understanding of the conference committee.

Mr. OLIVER. I compliment the chairman of the subcommittee and the House conferees that they have been able to retain in the bill some increase in the allowance of money to be used for seacoast defenses. I am interested particularly in the seacoast defenses around Portland, Maine. I have been informed that in the entire State of Maine there are only two mobile anti-aircraft guns and four fixed anti-aircraft guns. It does seem, though, that this is a very small amount of coast-defense anti-aircraft equipment.

Mr. SNYDER of Pennsylvania. The gentleman can assure the people of his State that anti-aircraft defenses will be very much improved under this bill.

Mr. OLIVER. I thank the gentleman.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. MAVERICK].

Mr. MAVERICK. Mr. Speaker, I join in the praise of the gentleman from California [Mr. DOCKWEILER], who has the laudable ambition of being Governor of his State; he would make a good one, and we all wish him well. But I have an equally laudable ambition to be reelected to Congress—so listen to what I shall say about this appropriation for Kelly Field, which is in exactly the right place, my district [laughter], San Antonio, Tex. That is the place where I want to get an aeronautical academy established, and I hope everybody will interest themselves in it, because it is the one and only advanced flying school of the Army.

The gentleman from Pennsylvania criticized this bill a moment ago and talked about \$2,000,000,000 being spent for war. He speaks of "authorizations," and authorizations are not carried in this bill. I believe this bill is a step on the roadway to having something that is competent in the matter of national defense.

As everybody in this Chamber knows it is my personal belief that we are spending too much money on battleships. This bill gets back to the proposition of spending more money on aviation and real defense. I think this is a well-considered bill.

KELLY FIELD, ADVANCED FLYING SCHOOL, \$2,495,000

Of course, I am especially interested in the following amendment, which directly concerns my district:

Kelly Field, Tex., \$1,747,000, and authority is hereby given to enter into contracts and otherwise to incur obligations in excess of such amount to the extent of \$748,300.

Making a total for the immediate development of that field totaling \$2,495,000. Eventually the sum will reach six to eight million if it is followed up.

I hope we will all support the bill, and the amendment I have mentioned, which has been agreed to by the conferees.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. CLASON].

Mr. CLASON. Mr. Speaker, in speaking in support of the report of the conferees on the Military Establishment appropriation bill for 1939, I wish to express my appreciation of the careful consideration given to my remarks before the subcommittee of the House Appropriations Committee having in charge this bill. At the hearing before the subcommittee, I brought to the attention of the committee that the Garand semiautomatic rifle, developed at the Springfield Armory, has finally been perfected. Military experts

assert that this rifle is the finest army rifle in the world today. By the conference report it is provided that an order for 5,000 of these rifles shall be placed with the armory. It is also provided that \$600,000 shall be expended during the next fiscal year for tooling, dies, and other equipment for the making of these rifles at the Springfield Armory. It is further provided that either \$1,200,000 in addition may be expended during the fiscal year 1939, or contracts in the amount of \$1,200,000 are hereby authorized to be entered into by the War Department for additional tooling, dies, and equipment for the making of these rifles.

In urging the adoption of the report, especially as it pertains to the appropriation for the Springfield Armory, I believe I can best bring to the attention of the House the necessity for the expenditure of these funds by quoting the arguments which I made before the subcommittee. My statement was as follows:

The site for the Springfield Armory was selected by Gen. George Washington. For more than a century it has been in successful operation. The community is recognized as outstanding in the character and ability of its highly skilled and well-trained mechanics and artisans. As a result some of the nationally known manufacturers have located there to gain the benefits of this group of workmen. These include the Westinghouse Electric & Manufacturing Co., the American Bosch Magneto Corporation, the Chapman Valve Co., the Indian Motorcycle Co., Smith and Wesson Co., makers of revolvers, and several plants engaged in the manufacture of tools, dies, machinery, and forgings.

It is interesting to note that in the pioneer days of the automobile industry, well-known expensive cars were made in Springfield, such as the Stevens-Duryea. Later, when it was decided to build the famous Rolls-Royce automobiles in America, Springfield was chosen as the location of the plant because it was believed more desirable to secure the best precision labor in America than to be nearer the sources of supply of materials.

Since aircraft has become of outstanding importance, we find many famous plants in New England. The Pratt & Whitney plant is located at East Hartford, Conn., less than 25 miles away, and employs many from Springfield. In fact, many of the fastest racing planes have been built in Springfield.

In normal times there is difficulty in any community to secure fine workmen, particularly for the very precise work required in the making of parts for rifles; which is even more true as to the parts for automatic and semiautomatic rifles.

For decades the American Army has had in the Springfield rifle the finest army rifle in the world. For several years painstaking effort has been devoted at the Springfield Armory to the development of a semiautomatic rifle. About 3 years ago the Garand semiautomatic rifle was perfected to a point at which the War Department was satisfied that provision should be made for its manufacture on a large scale. With the amount made available under recent appropriations, provision was made for the manufacture of Garand rifles which will bring the total to 7,540. Army officers have testified, I believe, that a regiment of infantry armed with the Garand rifle is twice as effective as a regiment armed with the present Springfield rifle, which in turn is rated as better than any other army rifle in the world. The present appropriation will be exhausted by October 1, 1938, when about 7,500 Garand rifles will have been delivered.

In an address by Louis Johnson, Assistant Secretary of War, at Hartford on January 20, last, Secretary Johnson declared: "Today, at the Springfield Armory, a new semiautomatic rifle is under production which is the acme of achievement in small arms. It is the invention of a civilian employee at the armory, John C. Garand, who has devoted 17 to 18 years of his life in perfecting this weapon for infantry use. Recent experiments have caused our infantry officers to remark that a man armed with a new semiautomatic Springfield rifle is equal to five men equipped with the older model."

Writing in the current issue of the Infantry Journal, Maj. Gen. George A. Lynch, Chief of Infantry, in an article in which he asserts that the "whole structure of military organization still rests on the Atlas shoulders of the doughboy," states that the "development of an effective semiautomatic rifle by our Ordnance Department is unquestionably the outstanding infantry development of the day."

The manufacture of this semiautomatic rifle has been developed slowly in order that defects that might appear could be corrected and improvements made. These rifles have been placed in the hands of the Army for practical use under varying conditions with very satisfactory results.

As I understand the proposed appropriation bill for 1939, there are items in it of \$260,000 for 2,500 Garand rifles at \$104 each, and of \$600,000 for machinery, tools, dies, etc., at the Springfield Armory. It is certainly necessary for the second item to be appropriated in order to bring the plant up to date in equipment absolutely necessary to prepare the armory for proper production of these rifles. The present equipment quite apparently is not adapted to modern manufacturing processes and to large-scale production.



However, there is an equally important need in the successful operation of an armory or plant making rifles. That need is for men skilled in the making of this particular product which requires months of training even for men accustomed to equally precise work. With the trained men now at the armory using present equipment and proposed equipment, 10,000 Garand rifles could be manufactured annually.

Our Army needs and should have the best service rifles which can be furnished to them. To allow our Regular Army to have less than the best the Government can supply in the way of equipment, where the amount in dollars and cents is so small comparatively with appropriations for other items, is not only false economy but inexcusable.

I have heard the Chief of Staff in effect state that in the final analysis the infantry is the backbone of any army. The United States is noted for its comparatively small Regular Army. The Garand rifle makes this Army twice as effective and potentially powerful as it is now while armed with the present Springfield rifle. I believe, too, that military experts will tell you that for defending himself against "ground strafing" airplanes there is no better weapon for a foot soldier than a semiautomatic rifle, because of its great accuracy and greater volume of fire.

At this time, when Congress is appropriating more than a billion dollars for its Army and Navy, I believe that it is absolutely essential to provide an appropriation for at least 10,000 of these rifles in the 1939 Budget. Such provision would require an appropriation of \$880,000, or about \$88 per rifle. This would be an increase of \$620,000 over the amount now provided in the bill, but \$16 less per rifle. It would result in 7,500 more rifles being built in 1939. The saving in cost per rifle would result in the early amortization of the cost of the new machinery and equipment installed.

In December 1937, 354 rifles were delivered. Each month as the men become more proficient and efficient more rifles will be delivered, particularly as the more modern machinery becomes available. The services to which the rifles have already been shown are demanding them. The experts have worked out the difficulties which are necessarily encountered in the manufacture of such an intricate mechanism. Some parts have required several different and difficult operations to produce. Other parts can already be delivered in quantities which would permit assembling many more rifles monthly. Those parts which are the more difficult to make and which have been most difficult to perfect can now be produced more readily. As difficulties get ironed out, the rifles will be turned out more quickly.

If 10,000 rifles are made annually, it will take 8 to 10 years to arm the initial protective force. Then it will take many years to supply the demand for the Coast Guard, the Navy, and the Marine Corps. The men in foreign service should have these rifles as quickly as possible. This is a woefully small program as we realize that the Army had 600,000 Springfield rifles at the beginning of the World War. You cannot make them after the war is on fast enough. Only 300,000 Springfield rifles were made while the war was on.

As a business proposition, the Government should build 10,000 rifles a year in order to get the rifles at a reasonable price per rifle. The saving by such production will pay for the cost of machinery in 3 or 4 years.

Another, and to me, a particularly important reason why this item should be increased from \$260,000 to \$880,000 is the matter of labor. The United States Government has invested a large sum of money in training several hundred competent men for a period of 3 years to make these rifles. In 1939, for the first time, the Government has the opportunity to secure commensurate results from these expenditures. If only 2,500 Garand rifles are to be made, some 100 or more of these skilled workmen will be thrown out of employment. If the number of rifles to be made is not increased to 10,000, it will be necessary to curtail the activity at the armory with resultant breaking up of the organization for producing these rifles and a reduction in the force of men now employed there. Likewise, the Government will have lost the expense it has incurred already in the training of these men, amounting to hundreds of thousands of dollars.

An annual output of 10,000 rifles should be sought because it would be a reasonable supply. It would require the work of a reasonable force of men who would be a nucleus for any future emergency. In case of emergency or war, we will need these trained men badly and they will be missing unless this appropriation is at least \$880,000. These men could be used as foremen and in executive positions as operations expanded. In time of war key men will be urgently needed for use at commercial plants as well as at Springfield Armory. Not to keep this force together is to leave the United States Army unprepared in a most important field, the placing of the best weapons in the hands of hastily mobilized and greatly expanded military and naval forces.

To reduce the number of employees at the Springfield Armory will likewise be a serious blow to the labor situation in the Springfield community. It is particularly unfair at a time when President Roosevelt and the administration are demanding stabilization of labor in industry. For the Government to take this shortsighted attitude at this time will cause grave doubt of its sincerity, as well as work a hardship on 100 Springfield families by throwing the men out of work in the middle of the present serious depression.

Many of these men left steady jobs to enter Government employ. They are entitled to a square deal. Such action will tend to keep men from entering the employ of the armory, where they should have every right to believe that their employment will be steady and not subject to changes in policy every 2 or 3 years. If

the United States Government does not provide stability of employment in its permanent establishments, where there is a constant and urgent demand for its product every month of the year, surely private industry cannot be expected even to attempt to stabilize employment.

To me, however, the most serious part of the situation will be the failure to keep an adequate force of skilled men ready for the emergency, which, from present indications, may be upon us within a very few years.

To summarize: The new equipment, machinery, and tooling will quickly pay for themselves, as each 10,000 rifles will cut expenses about \$160,000, as compared with an annual production of 2,500. At the rate of 10,000 per year, it will take 8 or more years to equip the initial protective force. There would seem, therefore, no reason to cause lack of stability of labor at Springfield by cutting the force at this time. The rifle is in demand and a success. It makes each regiment of infantry 100 percent more effective than at the present time. For troops stationed in out-of-the-way places, such as China, Hawaii, and the Philippines, it seems absolutely unfair not to have the men properly equipped with the most satisfactory and most valuable Army rifle known. As soon as the initial protective army has been equipped, it will still take years at a production of 10,000 rifles per year to supply the demand for the Coast Guard, the Navy, and the Marine Corps.

At an annual delivery of 10,000 rifles, it will just about keep the present force at the armory running steadily year in and year out. It costs a lot of money to train any workman in new intricate work of this type. It would be very short-sighted to allow men who have been trained at great expense during the past 3 years to go at this time. It will demoralize the sense of security now prevailing among the workmen at the armory and will tend to cause men to go to other concerns, such as into the aircraft industry at East Hartford, if they do not feel that their positions are more secure at the armory.

Furthermore, the trained working force at the armory is now worth thousands of dollars a year to the United States and should be kept intact. If another war does come within a generation, the failure to have these trained men at hand, and to have the number of rifles which could then be placed in the hands of our forces, would be nothing short of a national tragedy. And to return to present-day arguments, if the Government means anything when it calls for stabilization of employment in industry, the place to start is at the Springfield Armory.

At the time that the above statement was made, the bill provided for an item for only 2,500 rifles for the Regular Army. As a result of my argument, the committee added another item of 2,500 additional rifles to be supplied to the National Guard, thereby increasing the indicated appropriation from \$260,000 to \$510,000 for these rifles. At that time I was assured by the members of the committee and by Army officers that this additional order would provide steady employment for the present permanent employees of the Springfield Armory during the next fiscal year.

Subsequent to the passage of the bill through the House, including the two above items, I got in touch, not only with the two distinguished Senators from Massachusetts, but also with other Senators who are members of the committee in charge of the Senate bill, and later I also conferred with conferees, both from the Senate and the House. I brought home to them the advantages to be secured by the United States Army by the rapid equipping of the Regular Army, the National Guard, the Coast Guard, the Marines, and other branches of our military and naval services with the Garand rifle. I was much gratified with the favorable reception which they gave me. I am very happy to state that the conferees, not only retained in the bill the appropriations for the 5,000 rifles and the \$600,000 for tools, dies, and equipment, but also added the item which will provide for the expenditure of \$1,200,000 for additional tools, dies, and equipment. These expenditures will result in the Springfield Armory becoming a modern plant, equipped with the latest devices for the production of these rifles, at the least possible cost to the War Department. Within 4 years, upon the basis of a reasonable number of rifles being made annually, the expenditures for new tools and dies will be repaid by the reduction in cost per rifle. Furthermore, at this time when unemployment is the most vital issue throughout the Nation, it is most gratifying to me to know that through these appropriations the War Department is making it possible to provide steady employment for many hundreds of men in a city which is suffering particularly at this time from the depression. In order that the Members of the House may be assured that every dollar spent in the production of the Garand semiautomatic rifle will be of tremendous advantage to our armed forces, both in peace and in war, I conclude my



remarks by quoting in full a letter which I have received from Maj. Gen. W. H. Tschappat, Chief of Ordnance:

WAR DEPARTMENT,  
OFFICE OF THE CHIEF OF ORDNANCE,  
Washington, May 12, 1938.

Hon. CHARLES R. CLASON,

House of Representatives, Washington, D. C.

DEAR MR. CLASON: I am very much obliged indeed to you for calling my attention to the reference to semiautomatic rifles in the Springfield newspaper of May 10. An idea is expressed there which is entirely contrary to my position on this important weapon.

The experimental work referred to in my interview was not in connection with the development of the gun in a mechanical sense, but with its tactical use in the hands of troops so as to most effectively employ its great potentiality. The weapon itself has been fully developed and has passed successfully all War Department tests. It has been officially adopted as the standard issue rifle. It is now being produced and issued to troops as rapidly as is possible with the appropriations made available by Congress.

There is only one thing I can add to your most able presentation before the House committee as to the merits of this weapon and the high esteem in which it is held by the Chief of Infantry and the Army in general. The Chief of Infantry has recently received an informal report from an officer with a battalion equipped with the M1 rifle engaged in tactical maneuvers. The report was substantially as follows:

"The M1 rifles (Garand semiautomatic) with which the battalion was armed were a revelation to the troops. They were most reliable in their functioning even after some of the rifles fell into the water and sand when landing on the beach. The troops were highly enthusiastic about their performance as anti-aircraft weapons against low-flying planes. Many times as many hits were made on a target towed by plane than have ever been possible with the Springfield rifle."

It is interesting to know that the battalion in question was issued the rifles only a few weeks before departing on maneuvers.

This week on a visit to Springfield Armory, I found that current production was proceeding most satisfactorily and shipments are being made weekly to the using troops. The armory personnel is engaged in an intensive study of the design and tooling of the machinery provided for in the Army bill. This study is being based on the sum of \$1,800,000 contemplated by the Senate additions. Such progress is being made that we should be ready to advertise for the machinery as soon as the Army bill has passed.

In view of the great demand for this rifle from the combat troops, I sincerely hope that the larger amount provided for by the Senate addition will be made available. It would be a great pity if the next emergency should find us unprepared to equip our Army with such an outstanding weapon.

I have no objection to your using this letter in any way you desire.

Sincerely yours,

W. H. TSCHAPPAT,  
Major General, Chief of Ordnance.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, at this time I call the attention of the committee to the fact that the conditions under which the enlisted men and noncommissioned staff of the United States Army now live are to the last degree disgraceful. There are no slums in any capital in the world which compare with the slums in which the enlisted men of the American Army live today.

It is the function and duty of this committee and of the Congress to correct this national disgrace at the earliest opportunity.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, we have just witnessed another beautiful illustration of inconsistency. A minute ago the committee was condemned for appropriating too much money and now it is condemned for not appropriating enough money.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS. Mr. Speaker, there is little I feel called upon to say about this bill beyond again voicing the idea I always have entertained, that the one thing to be desired most in warfare is fire power. The larger the amount of fire power the better and more effective will be our Army.

There are those people who believe that the proper way to increase effectiveness is to add to the personnel of the Military Establishment. I have always taken the position that idea was wrong; that there should be a proper balance between matériel and personnel; in other words, properly equip the men that we have first, and then afterward, if we

want to add more men to the size of the establishment, add them, but equip the men after they have been added.

Mr. Speaker, this is a bill that adds more matériel to our establishment than any bill that has ever been presented to the Congress in time of peace. A larger sum of money is appropriated in this measure for the implementation of our Army than has ever been provided in any appropriation bill enacted when we were not at war. This is a fact I consider worthy of calling to the attention not only of the Congress but the American people. I congratulate the gentleman from Pennsylvania [Mr. SNYDER] and the other members of the committee for their foresight in adding a substantial increase in matériel over that provided in other appropriation measures.

Mr. SHANNON. Will the gentleman yield?

Mr. COLLINS. I yield to the gentleman from Missouri.

Mr. SHANNON. I trust the gentleman from Mississippi heard the gentleman from Springfield, Mass., extol upon the great invention of a new rifle that will kill, oh, so many more human beings than the rifles of the past.

Mr. Speaker, in providing this great expenditure of money for the new invention, in the light of what has been going on in the world, with rifles killing men and women everywhere, I wonder if the committee has provided a stopper on this new rifle so that it will not kill men and women in future wars?

Mr. SNYDER of Pennsylvania. Mr. Speaker, I yield 1 minute to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, on Memorial Day I was informed that there were some guns drawn by carriage in the parade which were bought by this Government in France. Due to the great unemployment in this country at this time and work is so vitally important to the welfare of everyone, we ought to buy these guns in the United States, and certainly at all times Government orders ought to be filled by American-made goods. Can the gentleman tell me the number of guns that have been bought in France and other foreign countries?

Mr. SNYDER of Pennsylvania. I may say to the gentlewoman from Massachusetts that we have not bought guns from any foreign power since the World War. The guns to which the gentlewoman refers quite likely are the French 75 guns that we got as the result of the World War, but we have not bought any guns from foreign countries since then.

Mrs. ROGERS of Massachusetts. I was told these were 55's. Although I did not really think we had 55's, perhaps they were 155's.

Mr. SNYDER of Pennsylvania. They might have been 155's.

My statement would apply to both calibers.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 20: Page 17, line 5, after the figures "\$2,323,650", insert "and, in addition, \$77,644 of the appropriation 'Travel of the Army, 1938', such amount of such appropriation being hereby reappropriated."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. SNYDER of Pennsylvania moves to recede and concur in the Senate amendment with the following amendment: In lieu of the matter inserted by said amendment, insert the following: "and, in addition, \$77,644 of the appropriation 'Travel of the Army, 1938', such amount of such appropriation being hereby reappropriated", and in lieu of the matter in lines 24 and 25, page 14, of the engrossed bill, reading: "of which \$286,702 shall be available immediately, and such former", insert the following: "and of the total of such amounts \$286,702 shall be available immediately, and such total."

The motion was agreed to.



The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 30: On page 29, in line 23, after "\$350,000", insert "and at Kelly Field, Tex., \$2,495,300."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. SNYDER of Pennsylvania moves to recede and concur in the Senate amendment with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "and at Kelly Field, Tex., \$1,747,000, and authority is hereby given to enter into contracts and otherwise to incur obligations in excess of such amount to the extent of \$748,300."

The motion was agreed to.

A motion to reconsider the votes by which the motions were agreed to was laid on the table.

#### CIVIL FUNCTIONS, WAR DEPARTMENT APPROPRIATION BILL, 1939

Mr. SNYDER of Pennsylvania. Mr. Speaker, I call up the conference report on the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes.

The Clerk read the title of the bill.

Mr. SNYDER of Pennsylvania. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 4, 6, 8, 13, 14, 16, 18, and 24.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, and 9, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "and not in excess of \$170,000 shall be available for the acquisition of land in the vicinity of San Francisco, California, at an average cost of not to exceed \$1,000 per acre"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "Provided further, That to the extent that the foregoing sum of \$24,000,000 may be reduced by obligations for flood control made prior to April 21, 1938, the appropriation for general flood control contained in the next succeeding paragraph shall be reduced by a like amount and such amount shall then be transferred from the appropriation for general flood control to the appropriation made in this paragraph"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 7, 10, 11, 12, 15, 19, 20, 21, 22, and 23.

J. BUELL SNYDER,  
JOHN F. DOCKWEILER,  
DAVID D. TERRY,  
JOE STARNES,  
ROSS A. COLLINS,  
D. LANE POWERS,  
ALBERT J. ENGEL,

Managers on the part of the House.

ROYAL S. COPELAND,  
CARL HAYDEN,  
ELMER THOMAS,  
MORRIS SHEPPARD,  
JOHN G. TOWNSEND, JR.,

Managers on the part of the Senate.

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10291), making appropriations for the

fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes, submit the following statement in explanation of the effect of the action recommended and agreed upon in the accompanying conference report as to each of such amendments, namely:

On amendments Nos. 1 to 6, both inclusive, relating to cemetery expenses: Strikes out textual change proposed by the Senate with respect to approach roads to national cemeteries; appropriates \$53,450 for the development of Fort Bliss National Cemetery, as proposed by the Senate, the House having provided no additional appropriation on account of such project, but omits expressed expenditure requirement proposed by Senate; appropriates \$299,692 for the acquisition of land and toward the development of a new national cemetery in the vicinity of San Francisco, Calif., as proposed by the Senate, limiting the cost of land purchased to an average of not to exceed \$1,000 per acre, instead of making purchase subject to the acquisition of at least 165 acres at a total cost not in excess of \$170,000, as the Senate proposed; and strikes out the appropriation of \$75,000 proposed by the Senate for the erection and maintenance of a historical museum within the Custer Battlefield National Cemetery, Mont.

On amendments Nos. 8 and 9, relating to the United States High Commissioner to the Philippine Islands: Strikes out the proposal of the Senate to exclude trade in allowances in the purchase of automobiles, and makes \$2,500 of the appropriation available as of April 1, 1938, as proposed by the Senate.

On amendments Nos. 13, 14, 16, 17, and 18, relating to rivers and harbors: Restores the House provision barring expenditures upon or incident to the project to extend the channel of the Mississippi River above St. Anthony Falls; makes a direct appropriation of \$70,020,000, as proposed by the House, instead of \$95,020,000, as proposed by the Senate; eliminates the expressed expenditure required proposed by the Senate as to the reappropriation proposed by the House; assures the full amount of such reappropriation being available by providing for making up any deficit therein by a transfer from the appropriation proposed for general flood control, as proposed by the Senate, and strikes out the appropriation of \$134,000 proposed by the Senate with respect to Wilson Harbor, Niagara County, N. Y.

On amendment No. 24: Strikes out the appropriation of \$3,050,000 proposed by the Senate on account of the Fort Peck project,

#### Amendments in disagreement

The committee of conference report in disagreement the following amendments of the Senate:

On amendment No. 7: Providing for relinquishment of Government's interest in approach roads to national cemeteries to local interests desiring such an arrangement.

On amendment No. 10: Providing a representation allowance for the High Commissioner to the Philippine Islands.

On amendments Nos. 11 and 12: Making all appropriations under the Corps of Engineers immediately available and available until expended.

On amendment No. 15: Making a textual change in the appropriation for Rivers and Harbors.

On amendments Nos. 19, 20, 21, and 22: Making \$4,000,000 of the appropriation for general flood control available for the prosecution by the Department of Agriculture of works of improvement for measures of run-off and waterflow retardation and soil-erosion prevention.

On amendment No. 23: Making a textual change in the appropriation for flood control, Mississippi River and tributaries.

J. BUELL SNYDER,  
JOHN F. DOCKWEILER,  
DAVID D. TERRY,  
JOE STARNES,  
ROSS A. COLLINS,  
D. LANE POWERS,  
ALBERT J. ENGEL,

Managers on the part of the House.

Mr. SNYDER of Pennsylvania. Mr. Speaker, as passed by the House this bill carried \$196,609,725 of direct appropriations and \$24,025,000 of reappropriations. As to direct appropriations, the bill called for \$406,162 less than Budget recommendations.

The Senate did not disturb the reappropriations proposed by the House, but increased the direct appropriations by \$28,612,142.

In lieu of that increase the conference committee has agreed upon this course: Provide an additional direct appropriation of \$353,142, and make available \$18,000,000 of the Emergency Relief Appropriation Act of 1938, now pending in the Senate, for river and harbor projects, including maintenance thereof, instead of the additional direct appropriation of \$25,000,000 proposed by the Senate for rivers and harbors. This alternative to the Senate proposal is one which I shall offer later when we undertake the consideration of amendments brought back in disagreement.

If the conference report be adopted, Mr. Speaker, and the amendments in technical disagreement are disposed of as I

shall propose, the bill will carry in direct appropriations \$196,962,867, which is \$53,020 less than the Budget estimates and \$28,259,000 less than the bill carried as it passed the Senate.

The increase in direct appropriations to which we have agreed, amounting to \$353,142, pertain to the new national cemeteries recently authorized at Fort Bliss, Tex., and San Francisco, Calif.

Mr. BEITER. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield to the gentleman from New York.

Mr. BEITER. I notice the conferees have stricken from the bill the amendment that was offered in the Senate in the amount of \$134,000 for the improvement of Wilson Harbor, Niagara County, N. Y. Can the gentleman advise me why that was stricken from the bill?

Mr. SNYDER of Pennsylvania. There was no Budget estimate for it and no authorization.

Mr. BEITER. Senator WAGNER offered the amendment in the Senate, and Senator COPELAND was in charge of the bill at that time. Both approved the item.

Mr. SNYDER of Pennsylvania. Yes.

Mr. BEITER. The people at Wilson are vitally interested in having some kind of an appropriation made at this time for that improvement. It is an item that should be approved.

Mr. SNYDER of Pennsylvania. The gentleman is aware, I am sure, that there are many projects of this type, and if we had included this one we would have had to include a lot of others that had no Budget support and many no authorization. Of course, the gentleman would not have us discriminate.

Mr. BEITER. I certainly would not want the gentleman to discriminate, but I wish to point out that in the Army engineers' report on this project it is clearly shown that on the Canadian shore of Lake Ontario there are 20 refuge harbors while on the American shore there are only 5. The two closest to Wilson, Niagara and Olcott, are inadequate from the standpoint of protection and capacity. In view of that fact, I believe something should be done to remedy the conditions that exist there and to take care of the many boats that are seeking some kind of a refuge harbor. The season is at hand for that kind of activity.

Mr. SNYDER of Pennsylvania. I feel sure the War Department will take care of the project in some way if an emergency condition exists.

Mr. BEITER. I know a study is being made of all the harbors on the Great Lakes, but it may take several years before that study is completed. We are eager to get a little something in this bill. The amount is so small that we had hoped the conferees would agree to include this item.

Mr. SNYDER of Pennsylvania. I quite sympathize with the gentleman from New York, but the gentleman would not want to have that improvement given priority over a lot of others ahead of it on the list. This one ought to take its turn.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. I should like to ask the gentleman about amendments Nos. 11 and 12 and see if I am right in my understanding of the situation. From the report and from the bill it would seem to me that what you are trying to do in amendments 11 and 12 is include the spending of money for flood defenses the same as for river and harbor projects.

Mr. SNYDER of Pennsylvania. The gentleman is correct.

Mr. JENKINS of Ohio. In other words, in amendment No. 11 you strike out the words "rivers and harbors" so that the language in lines 19 and 22 on page 6 would then apply to flood control.

Mr. SNYDER of Pennsylvania. That is correct.

Mr. JENKINS of Ohio. With reference to amendments Nos. 19, 20, 21, and 22, where you take \$4,000,000 of the

flood-relief money and give it to the Department of Agriculture, was there any opposition to this move? Were those who favored flood control given any consideration by the conferees in any way? What is the history of this action?

Mr. SNYDER of Pennsylvania. I am glad the gentleman has brought up this question because it is one in which I know every Member is interested. Your conferees were advised that the Department of Agriculture and the Army are in absolute agreement. They wanted it this way.

Mr. JENKINS of Ohio. Then there is no contest over this at all?

Mr. SNYDER of Pennsylvania. No contest whatever; no. I may say further that we had testimony to the effect that the two agencies go into a community and study a problem as one problem, and the Department of Agriculture does its work in the community and the Army does its work there. They are cooperating 100 percent.

Mr. JENKINS of Ohio. In other words, it developed that the bill as it stood had not given adequate consideration to the surveys they are going to make with this additional \$3,000,000.

Mr. CITRON. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. CITRON. Is the total amount for rivers and harbors reduced?

Mr. SNYDER of Pennsylvania. No; it is increased by \$18,000,000.

Mr. CITRON. Is the total amount with regard to flood control reduced?

Mr. SNYDER of Pennsylvania. No; and the amount provided for flood control is all that the Corps of Engineers feel they can spend within the fiscal year.

Mr. CITRON. So the item with regard to the Thames River in Connecticut remains as it was originally in the bill?

Mr. SNYDER of Pennsylvania. Yes.

Mr. BEITER. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. BEITER. The gentleman yielded to the gentleman from Michigan before I had completed by statement.

Mr. SNYDER of Pennsylvania. I beg the gentleman's pardon.

Mr. BEITER. The gentleman stated he was sure I would not want preference shown to other communities that had a similar condition existing. I would like to state to the gentleman that in this particular community the local interests are willing to comply with the request of the Federal Government in making a contribution for their proportionate share of the cost and the same condition does not exist in other communities, and for this reason I was hopeful the conferees would permit this amendment of \$134,000 to remain in the bill.

Mr. SNYDER of Pennsylvania. I am sure the gentleman will agree with me that that matter should go before the legislative committee having jurisdiction for authorization, after which it would come before the House through the same channels as do all similar items handled in a regular way. I can, perhaps, look into the faces of half a dozen men here who have projects of a similar nature which they thought should be included in this bill, but we simply could not adopt such a course.

Mr. BEITER. I would agree with the gentleman if this were establishing a precedent, but this is not establishing a precedent. This has been done on many occasions, and for this reason I was hopeful the conferees would permit it to remain in the bill. I suppose this conference report will be adopted, but I am greatly disappointed that this item has been dropped. However, we will continue our efforts to secure Federal aid, and I hope the Congress will see fit to appropriate the necessary funds in the near future.

Mr. CITRON. Mr. Speaker, will the gentleman yield for one further question?

Mr. SNYDER of Pennsylvania. Yes; I yield to the gentleman.



Mr. CITRON. Does the item in regard to the Connecticut River remain as it was in the bill originally?

Mr. SNYDER of Pennsylvania. It remains just as it passed the House.

Mr. WILCOX. Mr. Speaker, will the gentleman yield for a question?

Mr. SNYDER of Pennsylvania. I yield.

Mr. WILCOX. Do I understand from the gentleman that, if the conference report is adopted as recommended by the conferees, all river and harbor projects will occupy the same status they did before the passage of the bill through the House?

Mr. SNYDER of Pennsylvania. With the exception of the \$18,000,000 additional, as to which we have had the Army engineers set up a priority list, with which the committee had nothing to do.

Mr. WILCOX. The conferees have agreed to an addition of \$18,000,000 above the \$70,000,000 that was originally made available for river and harbor projects?

Mr. SNYDER of Pennsylvania. Above the \$94,000,000, because our bill carried a reappropriation of \$24,000,000, and as to the total the Army engineers have the say as to where it will be spent.

Mr. WILCOX. And except for these additional projects, all projects will remain in the same status that they had before the passage of the bill?

Mr. SNYDER of Pennsylvania. Yes.

Mr. HAINES. Mr. Speaker, will the gentleman yield?

Mr. SNYDER of Pennsylvania. I yield.

Mr. HAINES. As I understand, the surveys that have been undertaken and completed by the Army engineers can be carried out by reason of the enactment of this bill?

Mr. SNYDER of Pennsylvania. They are the only ones that can be carried out; yes.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore (Mr. O'CONNOR of New York). The question is on the adoption of the conference report.

The conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 7: Page 4, after line 6, insert:

"The Secretary of War is authorized to convey to any State, county, municipality, or proper agency thereof, in which the same is located, all the right, title, and interest of the United States in and to any Government owned or controlled approach road in any national cemetery: *Provided*, That prior to the delivery of any instrument of conveyance hereunder, the State, county, municipality, or agency to which the conveyance herein authorized is to be made, shall notify the Secretary of War in writing of its willingness to accept and maintain the road included in such conveyance: *Provided further*, That upon the execution and delivery of any conveyance herein authorized, the jurisdiction of the United States of America over the road conveyed shall cease and determine and shall thereafter vest in the State in which said road is located."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 10: Page 6, after the figures "1938", line 6, insert "and of which amount not exceeding \$10,000 shall be available for expenditure in the discretion of the High Commissioner for maintenance of his household and such other purposes as he may deem proper."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 11: Page 6, line 18, strike out the caption "Rivers and Harbors."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 12: Page 6, line 23, insert the caption "Rivers and Harbors."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 15: Page 8, line 12, strike out the word "addition" and insert "augmentation of the foregoing appropriation of \$95,020,000."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment with an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

In lieu of the matter inserted by said amendment, insert the following: "augmentation of the foregoing appropriation of \$70,020,000, \$18,000,000 of the amount named for public projects in the second limitation under (d) in subsection 1 of section 1, title I, of the Emergency Relief Appropriation Act of 1938, shall be available exclusively for the objects embraced by this paragraph: *Provided*, That nothing herein shall be construed as amending or modifying the provisions of section 3 of title I of such act: *Provided further*, That the requirement in section 5 of title I of such act that no Federal construction project, with certain exceptions, shall be undertaken unless and until there have been allocated and irrevocably set aside sufficient funds for its completion is hereby waived as to this appropriation; and further in augmentation of the foregoing appropriation of \$70,020,000."

The motion was agreed to.

Mr. SNYDER of Pennsylvania. Mr. Speaker, amendments Nos. 19, 20, 21, and 22 relate to a single proposition. We propose to do what the Senate has sought to do, and the amendments which I shall offer will be merely in the interest of clarification and definiteness. I ask unanimous consent that the four amendments may be considered together.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the four amendments.

The Clerk read as follows:

Amendment No. 19: Page 10, line 20, strike out "\$3,000,000" and insert "\$7,000,000."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move that the House recede and concur in Senate amendment No. 19.

The motion was agreed to.

The Clerk read as follows:

Senate amendment No. 20: Page 10, line 22, after the word "agriculture", insert "of which sum not to exceed \$3,000,000 shall be expended."

Senate amendment No. 21: Page 10, line 23, insert the following: "And not to exceed \$4,000,000 shall be expended for the prosecution of works and measures."

Senate amendment No. 22: Page 11, line 2, after the word "projects", insert "heretofore or hereafter."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move that the House recede and concur in amendments Nos. 20, 21, and 22 with the following amendments, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment No. 20: In lieu of the matter inserted by said amendment, insert the following: "and of such sum not to exceed \$3,000,000 shall be available."

Amendment No. 21: In lieu of the matter inserted by said amendment, insert the following: "as authorized by law."

Amendment No. 22: In lieu of the matter inserted by said amendment, insert the following: "and not to exceed \$4,000,000 shall be available for the prosecution, under plans to be approved by the Secretary of Agriculture, of works of improvement for measures of run-off and water-flow retardation and soil-erosion prevention upon the watersheds of waterways for which works of improvement for the benefit of navigation and the control of destructive floodwaters and other provisions have been or hereafter may be adopted or."

The SPEAKER pro tempore. The question is on agreeing to the motion of the gentleman from Pennsylvania.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 23: Page 11, line 12, strike out "as amended by the Flood Control Act, approved June 15, 1936 (49 Stat. 1508)" and insert "as amended and supplemented."

Mr. SNYDER of Pennsylvania. Mr. Speaker, I move to recede and concur in the Senate amendment numbered 23 with an amendment which I send to the desk and ask to have read.

The Clerk read as follows:

In lieu of the matter inserted by the Senate in place of the matter proposed by the House, insert the following: "As at present or subsequently amended and supplemented."

The SPEAKER pro tempore. The question is on agreeing to the motion of the gentleman from Pennsylvania.

The motion was agreed to.

The SPEAKER pro tempore. Without objection, motions to reconsider the several motions which have been agreed to will be laid on the table.

There was no objection.

#### REGISTRATION OF CERTAIN PERSONS DISSEMINATING PROPAGANDA

Mr. CELLER. Mr. Speaker, I call up the conference report on the bill (H. R. 1591) to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York that the statement be read in lieu of the report.

There was no objection.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1591) to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, and 4.

That the House recede from its disagreement to the amendment of the Senate numbered 1 and agree to the same.

HATTON W. SUMNERS,  
EMANUEL CELLER,  
U. S. GUYER,

Managers on the part of the House.

KEY PITTMAN,  
PAT MCCARRAN,  
WM. E. BORAH,

Managers on the part of the Senate.

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 1591) to require the registration of certain persons employed by agencies to disseminate propaganda in the United States and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

There were four Senate amendments to the bill, two of which were clerical.

The first amendment of the Senate reworded the definition of "foreign principal." The amendment is made apparent by printing the House provision in roman with matter stricken out by the Senate amendment enclosed in black brackets, and new matter added by the Senate amendment in italics, as follows:

"(c) The term 'foreign principal' means the government of a foreign country, a political party of a foreign country, a person [not a resident of the United States, or any foreign business or political organization] domiciled abroad, or any foreign business, partnership, association, corporation, or political organization."

The House conferees agreed to this amendment.

The second amendment of the Senate added a new section to the bill authorizing an appropriation of \$75,000 for the enforcement of the act. The Senate receded and this amendment has been omitted.

The third and fourth amendments of the Senate were merely changes of section numbers made necessary by the adoption of

the second amendment. Inasmuch as the second amendment has been omitted, these amendments are unnecessary and have been omitted also.

HATTON W. SUMNERS,  
EMANUEL CELLER,  
U. S. GUYER,

Managers on the part of the House.

Mr. CELLER. Mr. Speaker, this bill was introduced as a result of recommendations of the special committee that was appointed in the Seventy-third Congress to investigate un-American activities in the United States. A very careful study was made of the organizations in this country which organizations aimed arbitrarily to group certain American citizens and persons in the United States and to inculcate such principles and teachings in these persons as to influence the internal and external political policies of our country.

Incontrovertible evidence has been submitted to prove that there are many persons in the United States representing foreign governments or foreign political groups who are supplied by such foreign agencies with funds and other materials to foster un-American activities and to influence the external and internal policies of this country, thereby violating both the letter and the spirit of international law, as well as the democratic basis of our own American institutions of government.

Evidence before the Special Committee on Un-American Activities disclosed that many of the payments for this propaganda service were made in cash by the consul of a foreign nation, clearly giving an unmistakable inference that the work done was of such a nature as not to stand careful scrutiny.

As a result of such evidence this bill was introduced, the purpose of which is to require all persons who are in the United States for political propaganda purposes—propaganda aimed toward establishing in the United States a foreign system of government, or group action of a nature foreign to our institutions of government, or for any other purpose of a political propaganda nature—to register with the State Department and to supply information about their political propaganda activities, their employers, and the terms of their contracts.

This required registration will publicize the nature of subversive or other similar activities of such foreign propagandists, so that the American people may know those who are engaged in this country by foreign agencies to spread doctrines alien to our democratic form of government or propaganda for the purpose of influencing American public opinion on a political question.

Under the terms of the bill no foreign corporation engaged in honorable trade relations with this country will find it necessary to register, but whenever representatives are sent here to spread by word of mouth, or by the written word, the ideology, the principle, and the practices of other forms of government and the things for which they stand, then registry must be made. All that is required is to label the sources of pernicious propaganda.

There is nothing in the bill to offend any nation, group, or individual. The bill requires no registration of duly accredited diplomatic or consular officials of a foreign government who are so recognized by the Department of State of the United States. Likewise will the provisions of this measure have no reference to nor include any person performing only private, nonpolitical, financial, mercantile, commercial, or other activity in furtherance of bona fide trade or commerce of a foreign principal.

This bill does not in any way impair the right of freedom of speech, or of a free press, or other constitutional rights. On the other hand, this measure does provide that an alien coming to or in the United States for propaganda purposes of a political nature, and American citizens who accept foreign political propaganda employment, shall register; and this was found necessary, in a number of cases, through the revelations of the Committee on Un-American Activities.



We believe that the spotlight of pitiless publicity will serve as a deterrent to the spread of pernicious propaganda. We feel that our people are entitled to know the sources of any such efforts, and the person or persons or agencies carrying on such work in the United States.

Such propaganda is not prohibited under the proposed bill. The purpose of this bill is to make available to the American public the sources that promote and pay for the spreading of such foreign propaganda. Our National Food and Drug Act requires the proper labeling of various articles and safeguards the American public in the field of health. This bill seeks only to do the same thing in a different field, that of political propaganda. Propaganda efforts of such a nature are usually conducted in secrecy, which is essential to the success of these activities. The passage of this bill will force propaganda agents representing foreign agencies to come out in the open in their activities, or to subject themselves to the penalties provided in said bill.

This bill does not amend or repeal existing law.

Mr. Speaker, I shall be pleased to yield for questions if there are any.

Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

#### CAMPAIGN EXPENDITURES

Mr. O'CONNOR of New York. Mr. Speaker, I call up House Resolution 291.

The Clerk read as follows:

*Resolved*, That a special committee of seven be appointed by the Speaker of the House of Representatives to investigate and report to the House not later than January 3, 1939, the campaign expenditures of the various candidates for the House of Representatives in both parties, or candidates of parties other than or independent of the Democratic or Republican Parties, the names of persons, firms, associations, or corporations subscribing, the amount contributed, the methods of collection and expenditures of such sums, and all facts in relation thereto, not only as to subscriptions of money and expenditures thereof but as to the use of any other means or influences, including the promise or use of patronage, and all other facts in relation thereto that would not only be of public interest but would aid the Congress in necessary legislation or in deciding any contests which might be instituted involving the right to a seat in the House of Representatives.

The investigation hereby provided for in all the respects above enumerated shall apply to candidates and contests before primaries, conventions, and the contests and campaigns of the general election in 1938, or any special election held prior to January 3, 1939. Said committee is hereby authorized to act upon its own initiative and upon such information which in its judgment may be reasonable and reliable. Upon complaint being made before such committee, under oath, by any person, persons, candidates, or political committee setting forth allegations as to facts which, under this resolution, it would be the duty of said committee to investigate, said committee shall investigate such charges as fully as though it were acting upon its own motion, unless, after hearings on such complaints, the committee shall find that such allegations in said complaints are immaterial or untrue.

That special committee or any subcommittee thereof is authorized to sit and act during the adjournment of the Congress, and that said committee or any subcommittee thereof is hereby empowered to sit and act at such time and place as it may deem necessary; to require by subpoena or otherwise the attendance of witnesses, the production of books, papers, and documents; to employ stenographers at a cost of not exceeding 25 cents per hundred words. The chairman of the committee or any member thereof may administer oaths to witnesses. Subpoenas for witnesses shall be issued under the signature of the chairman of the committee or subcommittee thereof. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties as prescribed by law.

Mr. O'CONNOR of New York. Mr. Speaker, this is the usual resolution introduced toward the end of each session, by whichever party is in the majority, to appoint a committee of the House to watch over elections for Representatives in Congress. It is in the usual form.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. SNELL. As I glance through the resolution it seems to be in the usual form, but I notice it contains a provision

that the committee shall make a report. Has that always been in these resolutions?

Mr. O'CONNOR of New York. I am quite sure it has. Whether they actually did report, I cannot say.

Mr. SNELL. It gives them the right to report.

Mr. O'CONNOR of New York. The committee should report, of course. All committees should report.

Mr. SNELL. As I remember, the average committee set up for this purpose investigates a situation when complaint is made to them. I wonder, in light of some of the developments that have taken place during the past few months, if this resolution should not be even broader than it is at the present time. As far as I know, the greatest influence that has been used to carry elections and influence the voters is propaganda and influence from various departments here in Washington, especially the W. P. A. Why should not the resolution be broadened to include the right to look into and investigate the activities of some of the governmental departments in connection with the primaries and also elections?

Mr. O'CONNOR of New York. Offhand, my opinion is that the resolution is broad enough to do that. Personally, I think it is broad enough to do it. I sincerely hope complaints made to the committee along this line will be investigated.

Mr. SNELL. It seems to me that is of special importance in the light of the developments that have taken place in the last 2 months here in Washington.

Mr. O'CONNOR of New York. I agree with the gentleman.

Mr. SNELL. I am glad the gentleman himself thinks the resolution is broad enough to include any of those cases that are especially called to the attention of the committee.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. BOILEAU. The language of the resolution on page 1, line 5, reads:

The campaign expenditures of the various candidates for the House of Representatives in both parties.

I suppose "both parties" means the Farmer-Labor Party and the Progressive Party. Then follows language stating:

Or candidates of parties other than or independent of the Democratic or Republican Parties.

If the interpretation is placed on it that I think properly should be placed upon the phrase "both parties" that would exclude investigation of the Republican and Democratic Parties. Personally I believe there is a little more need to investigate these parties and more justification for investigation of these parties than any of the other parties. It seems to me the gentleman has gone a long way in using unnecessary language in this particular clause, because if the thought was to investigate candidates of all parties why does not the resolution read "of the various candidates for the House of Representatives"?

Mr. O'CONNOR of New York. I am not the author of this resolution.

Mr. BOILEAU. But it has been reported out by the gentleman's committee. I am not finding fault with the chairman of the Committee on Rules, I am just pointing out a custom that I think is prevalent here in the House to an unnecessary and undue degree of talking about "both parties." It is ridiculous. There are a lot of people out in the Middle West to whom "both parties" means only Farmer Labor Party and Progressive Party.

Does not the gentleman think the resolution ought to be amended to read "to investigate, and so forth, the campaign expenditures of the various candidates of the House of Representatives"?

Mr. O'CONNOR of New York. It says "both parties or." I did not think the Farmer-Labor Party ever used any money to elect its representatives.

Mr. BOILEAU. I want to bring out the interpretation I place upon it. The only ones who would be investigated would be the Farmer-Laborites and the Progressives. It is stated "or candidates of parties other than or independent of the Democratic or Republican Parties." That clause excludes the Republicans and Democrats.

Mr. O'CONNOR of New York. This inquiry is particularly directed to the Democratic Party because there is no need of investigating the Republican Party. That party is defunct anyway. This resolution is to take care of our own Democratic primaries.

Mr. BOILEAU. You will find that the Democratic and Republican Parties are excluded from the investigation. It does not make so much difference what they do, because we are accustomed to having them use considerable money received from sources which we sometimes question. We do not worry much about that. The fact of the matter remains the language is not clear. Unnecessary language has been used. If it had been stated "various candidates for the House of Representatives," leaving all the rest of the language out, there would be no question.

Mr. TABER. Will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman from New York.

Mr. TABER. Does the gentleman from Wisconsin feel badly because there is not a proposal to investigate the Progressive Party and its operations?

Mr. BOILEAU. The gentleman is in error. This resolution investigates only the Progressives and Farmer-Laborites, according to the interpretation I put on the language. The next clause excludes the Democratic and Republican Parties.

Mr. O'CONNOR of New York. I do not think there is anything to that at all. It says "in both parties, or candidates of parties."

Mr. BOILEAU. "Other than or independent of the Democratic or Republican Parties."

Mr. O'CONNOR of New York. But both parties, probably meaning the Democratic and Republican Parties, are included in the first clause.

Mr. BOILEAU. That is the whole point. If you mean by "both parties" the Democratic and Republican Parties, we are justified in that assumption.

Mr. SNELL. This is the first time I have ever known of anyone finding fault because he was not going to be investigated. If you want to leave out the Republican Party you may feel at liberty to do so.

Mr. BOILEAU. Our parties are specifically included in here and are to be investigated.

Mr. KNUTSON. Will the gentleman yield?

Mr. O'CONNOR of New York. For a question.

Mr. KNUTSON. For an observation.

Mr. O'CONNOR of New York. I gladly yield to the distinguished gentleman to observe.

Mr. KNUTSON. Following the suggestion of the distinguished minority leader, the Republicans would be perfectly willing to have the words "New Deal Party" substituted for the word "Republican." I wonder if this resolution is broad enough to cover the New Deal Party. I realize that party has its tentacles reaching out all over the country and I wonder if the resolution is broad enough to embrace the New Deal Party.

Mr. O'CONNOR of New York. It says "candidates of all parties." They are not further described or identified by birth, race, custom, or habit.

Mr. KNUTSON. Is the New Deal aggregation a party or is it a conglomeration of the malcontents from all the other parties?

Mr. O'CONNOR of New York. The gentleman has his own ideas about that, of course.

Mr. KNUTSON. Decidedly.

Mr. TABER. Will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the distinguished gentleman from New York.

Mr. TABER. I note that the minority leader indicated he was interested in having governmental propaganda and activities of, perhaps, an irregular character covered by this resolution. I call the gentleman's attention to the last part of the first page, beginning with the word "and," in line 13, where it is stated, "and all other facts in relation thereto that would not only be of public interest but would aid the Congress in necessary legislation." Does not the gentleman

think that would permit the committee to go out and investigate that sort of a situation?

Mr. O'CONNOR of New York. Oh, yes; including the previous clause where it is stated "including the promise or use of patronage." That makes it more precise.

Mr. BOILEAU. Does not the gentleman believe the language would be much clearer if we stopped after the words "for the House of Representatives", in line 5, and strike out the phrase "in both parties or candidates of parties other than or independent of the Democratic or Republican Parties"? Does not the gentleman believe that that would be more clear and more concise and would cover the field?

Mr. O'CONNOR of New York. Of course, you could spend the rest of your life editing bills and resolutions. This is a form that has served its purpose for many years.

Mr. BOILEAU. You have used the old form and injected something new when we had third parties. In the interest of clarity and the use of good language that clause should be stricken out. It would cover the whole purpose I am sure. I am willing to admit my remarks are somewhat facetious, but I think in the interest of clarity and the use of good language that clause should be stricken out.

Mr. O'CONNOR of New York. Mr. Speaker, I move the previous question on agreeing to the resolution.

The previous question was ordered.

The resolution was agreed to, and a motion to reconsider was laid on the table.

#### AMENDMENT OF UNITED STATES HOUSING ACT OF 1937

Mr. O'CONNOR of New York. Mr. Speaker, I call up House Resolution 514 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

#### House Resolution 514

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10663, a bill to amend the United States Housing Act of 1937. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. TABER. Mr. Speaker, I make the point of order a quorum is not present.

The SPEAKER. Obviously there is not a quorum present.

#### CALL OF THE HOUSE

Mr. O'CONNOR of New York. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

#### [Roll No. 94]

Allen, Del.	Duncan	McGroarty	Schulte
Atkinson	Elcher	McLean	Shafer, Mich.
Bacon	Faddis	McMillan	Smith, Okla.
Barden	Flannagan	McReynolds	Somers, N. Y.
Biermann	Fulmer	Maas	Steagall
Buckley, N. Y.	Gasque	Mahon, S. C.	Sullivan
Bulwinkle	Gifford	Martin, Colo.	Summers, Tex.
Byrne	Gingery	Mason	Sweeney
Cannon, Wis.	Gray, Pa.	Mitchell, Ill.	Taylor, Colo.
Carter	Green	Mitchell, Tenn.	Taylor, Tenn.
Champion	Greenwood	Mosier, Ohio	Thom
Chapman	Griswold	Mouton	Thurston
Clark, Idaho	Guyer	Norton	Tobey
Clark, N. C.	Hancock, N. C.	O'Connor, Mont.	Vincent, Ky.
Cluett	Harlan	O'Day	Vinson, Ga.
Cochran	Harrington	Palmisano	Wadsworth
Cole, Md.	Johnson, Minn.	Parsons	Wearin
Crosby	Kelly, Ill.	Patman	Weaver
Curley	Kelly, N. Y.	Peterson, Fla.	Wene
Dingell	Kerr	Pettengill	West
Dirksen	Kniffin	Phillips	Whelchel
Disney	Kopplemann	Pierce	White, Idaho
Ditter	Lewis, Md.	Polk	White, Ohio
Dockweiler	Lord	Randolph	Whittington
Doughton	Luecke, Mich.	Richards	Wood
Douglas	McClellan	Robertson	
Drewry, Va.	McGrath	Sabath	



The SPEAKER. Three hundred and twenty-two Members have answered to their names, a quorum.

On motion of Mr. O'CONNOR of New York, further proceedings under the call were dispensed with.

#### AMENDMENT OF UNITED STATES HOUSING ACT OF 1937

Mr. O'CONNOR of New York. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. Speaker, this is a rule for the consideration of the Housing bill, a bill to amend the bill we passed last year for low-cost housing and slum clearance. In the bill we passed last year we authorized \$500,000,000 for low-cost housing and slum clearance. The main purpose of this bill is to increase that amount by \$300,000,000.

There are some other features of the bill in controversy. The provision as to increasing the amount by \$300,000,000 was not controverted in the committee to any substantial extent.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman from New York.

Mr. FISH. Does this bill increase the amount by \$300,000,000? Is that what the gentleman stated?

Mr. O'CONNOR of New York. That is the prime purpose of the bill.

Mr. FISH. I thought it increased the amount by \$500,000,000.

Mr. O'CONNOR of New York. No. The President sent a message on April 14 recommending an increase of \$300,000,000. There was talk about a \$500,000,000 increase, but the bill carries out the President's recommendation.

Mr. LUCE. If the gentleman will yield, Mr. Straus all through the hearings talked of it as a billion dollars, as if he would have at his command a billion dollars.

Mr. O'CONNOR of New York. It is \$500,000,000 plus \$300,000,000, which to me makes \$800,000,000, just a little short of a billion.

Mr. FISH. Of course, the gentleman knows that to us in the House there is not much difference between a million and a billion, anyway.

Mr. O'CONNOR of New York. The Committee on Rules considered this matter very thoroughly. On the proposition to increase the authorized amount by \$300,000,000 there was little dissension.

I am interested in this matter in part from this particular standpoint. As I said on the recovery program, probably the class of people who have been in distress during these 9 years of depression to a greater extent than others, have been our skilled mechanics, our carpenters, our plumbers, our bricklayers, our steamfitters, and so forth. All the building that has been going on has been Government building. There has not been enough to keep our skilled mechanics working. As a matter of fact, much of the building program, unfortunately, has been carried out by W. P. A. workers, the laboring class. Public buildings and schoolhouses have been built by W. P. A. labor, so our skilled mechanics have not had their fair share of work in our recovery program. There is a serious situation in that, because if we came out of the depression shortly, we would not have enough skilled mechanics. Few apprentices have been trained in many years during this depression. To put those people to work, a housing program is the best vehicle. The construction of buildings and homes uses more labor than any other program we have advocated. So for that reason, if it were not for other reasons, I am interested in this program to put our skilled mechanics to work. Our housing in this Nation has gone way behind the normal progress. It is way behind in comparison with any comparable nation. We need more housing. We need better homes for our people. There is a demand for them. This program will furnish employment and help our people generally to live under better conditions.

The difficulty in the Committee on Rules arose from the division in the Committee on Banking and Currency as to the proposition which occurs as an amendment on page

3 of the bill. Under existing law the local community must contribute 10 percent toward the cost of any one of these projects. In this bill there is an amendment which would waive that 10-percent contribution so that the Federal Government would have to contribute 100 percent of the cost of the low-cost housing or slum-clearance project. That is the main controversy in the consideration of this bill. The Committee on Rules brought this bill before the House so the House might thoroughly consider that feature of the bill, as to whether or not the Federal Government should contribute the entire cost or put the responsibility on the local community to contribute 10 percent toward the cost of the project.

Mr. WOODRUM. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman from Virginia.

Mr. WOODRUM. The gentleman will point out, of course, that originally the law required a 20-percent contribution from the locality. That provision was amended to make the contribution only 10 percent. If this bill is passed as amended, as the gentleman has pointed out, it would not require any contribution but would provide for a 100-percent grant from the Federal Government.

Mr. O'CONNOR of New York. I believe that in between there was a 15-percent contribution provided for.

Mr. McKEOUGH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the distinguished gentleman from Illinois.

Mr. McKEOUGH. I must take issue with the gentleman from Virginia. The original bill provided for only a 10-percent contribution. There was never any 20-percent provision. When the bill was before the committee consideration was given to the 20-percent contribution.

Mr. WOODRUM. No; I mean existing law. Originally the Housing Authority Act required a 20-percent contribution.

Mr. McKEOUGH. This is the first amendment to the National Housing Act.

Mr. WOODRUM. My recollection differs from that of the gentleman.

Mr. O'CONNOR of New York. The gentleman may be confusing this with the Federal Housing Administration.

Mr. SPENCE. I believe the gentleman is confused about this because the act provides 20-percent contribution to the annual contributions, by the local authorities, not 20 percent to the original cost.

Mr. O'CONNOR of New York. Of course, under the Federal Housing Authority the individual who desired to build a home and to get a mortgage guaranteed by the Federal Housing Authority, originally was required to contribute 20 percent.

That requirement is now 10 percent. So the individual when he wants to build his own home must furnish at least 10 percent of the cost of construction. The question is whether or not the local community, city, town, or village, desiring to take advantage of this Federal assistance shall contribute at least 10 percent or nothing at all. It was a sharply defined issue in the Banking and Currency Committee. That committee was about evenly divided. It was a sharply defined issue in the Rules Committee, and I may say that the Rules Committee hesitated for some time about reporting a rule for the consideration of this bill because of the division of opinion in the Banking and Currency Committee.

We want to see more housing. The President recommended this additional \$300,000,000, and, as far as that goes, we are all for that. The other issue of the 10-percent contribution involved in this amendment is before the House and the House will determine whether or not the local communities shall contribute nothing or must continue to contribute 10 percent as under existing law.

Mr. TRANSUE. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. TRANSUE. In stating that the local communities contribute nothing at all, has the gentleman taken into consideration the tax exemptions and the waiving of assessments and other services which the communities must give in order to obtain one of these slum-clearance projects?

Mr. O'CONNOR of New York. Of course, all that will be developed in the course of the debate.

The principle of slum-clearance and low-cost housing is sound. The Federal Government's entrance into it has been a much-discussed program for several years. There is little question about the soundness of the fundamental principle involved. As to details of this bill, that is for the House to determine.

Mr. ZIMMERMAN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. ZIMMERMAN. From the gentleman's statement I got the impression the bill provides that the Government will furnish 100 percent for the construction of these buildings; is that correct?

Mr. O'CONNOR of New York. The bill does not do that, but the amendment adopted in the committee, the committee being about evenly divided on the amendment, provides that the 10-percent contribution be waived and the Government furnish 100 percent.

Mr. ZIMMERMAN. Will the municipality be required to furnish the land on which the building will be constructed or will the Government purchase the land and construct the building outright?

Mr. O'CONNOR of New York. The entire cost of acquisition and construction would be financed by the Federal Government under the amendment as reported by the committee.

Mr. ZIMMERMAN. And the slum-clearance project which the city gets would be a complete donation from the hands of the Federal Government?

Mr. O'CONNOR of New York. That statement is not exactly correct, because, theoretically, the Government loan is all going to be paid back.

Mr. ZIMMERMAN. I mean so far as construction is concerned.

Mr. O'CONNOR of New York. The original construction would not cost the local community anything under the proposed amendment.

Mr. WOODRUM. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman.

Mr. WOODRUM. The President's original proposal, of course, did not contain any such proposition as we have in this 10-percent provision.

Mr. O'CONNOR of New York. That is correct.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. DONDERO. Will this apply to small cities or just to the large cities?

Mr. O'CONNOR of New York. Oh, it applies to small communities as well as the larger ones. No one State can get over 10 percent, and any city that has a housing project, whether it is a slum-clearance project or individual-housing project, can come under this bill.

Mr. BARTON. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. BARTON. In New York City have any of these slum-clearance projects been taken down town or have they all been on the outskirts of the city, or does the gentleman know about that?

Mr. O'CONNOR of New York. Under this particular bill, or the existing law there are no slum-clearance projects in New York that have been built up to now. The existing projects were built under P. W. A. when they had housing or under other authorities, but let me tell the gentleman from New York that New York has always taken the position that they would raise the 10 percent. So New York City is not asking for the waiving of this 10 percent, so far as I know. Other cities are asking for it.

Mr. BARTON. Under this bill could these walk-up tenements such as the gentleman has in his district and I have in mine, which are boarded up, be converted and modernized? Would the funds here be applicable to such conversions, or must it be entirely new construction?

Mr. O'CONNOR of New York. Alterations and "walk-ups" are more specifically taken care of in the Federal Housing Act. We provided many times, and I have had something to say about it, for the alteration of existing houses in Manhattan under the Federal Housing Act. That is my idea of solving the housing problem in Manhattan—not 20-story apartments. We authorized all that at the last session, alterations up to \$50,000 and "walk-ups" up to \$200,000, but practically nothing has ever been done about it. In the years the authorities in charge have appeared to have no sympathy with alterations on tenements. Their only concern has been with the individual home and the large slum-clearance projects.

Mr. LANZETTA. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. LANZETTA. Under this bill there could be some slum clearance in New York City?

Mr. O'CONNOR of New York. Surely.

Mr. LANZETTA. And these buildings that are boarded up could be torn down and rebuilt?

Mr. O'CONNOR of New York. Oh, surely; there is no question about that.

Mr. LANZETTA. That is, provided the city authorities would be willing to do that?

Mr. O'CONNOR of New York. Of course, the city authorities or the local housing authorities would have to concur.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I gladly yield to the distinguished gentleman from Pennsylvania.

Mr. EBERHARTER. The gentleman has stated that the city of New York has not taken advantage of the provisions of the United States Housing Act; does the gentleman feel that the proviso in this bill which requires that the slums be eliminated before any new housing can be constructed is one of the restrictions which prevents the city of New York from taking advantage of the legislation?

Mr. O'CONNOR of New York. I did not say that. The city of New York has taken advantage of the National Housing Act and shall continue to do so. I meant to say that no projects had actually been started under it. That all takes time, but we can use our allotment of 10 percent of the total of eight hundred millions and would like much more to be available to us.

Mr. EBERHARTER. In other words, you must eliminate a number of slum dwellings for every new housing unit?

Mr. O'CONNOR of New York. I am not so sure about that. As I have said, the city of New York is taking advantage of this act. They already have an allocation of some \$30,000,000. Of course it takes time to acquire the land and develop the project.

Mr. EBERHARTER. In other words, the city of New York will demolish so many housing units for every new housing unit constructed under this program?

Mr. O'CONNOR of New York. I believe that is the plan.

Mr. CRAWFORD. Does the gentleman feel that he is correct when he says that such money as the Federal Treasury advances for these projects will be paid back?

Mr. O'CONNOR of New York. I said "theoretically" it would be paid back.

Mr. CRAWFORD. Has the gentleman looked into this proposition sufficiently to see whether or not for each billion dollars we put into these buildings it will cost the Federal Treasury approximately \$2,100,000,000? Could the gentleman confirm that statement?

Mr. O'CONNOR of New York. I do not know about those figures. All I know is that the principle of our Government meeting the housing problem is sound, but I do want to see the Federal Government safeguard itself as far as possible,



and not be imposed upon. I do not want to see the Federal Government further break down the morale of our people, whether it be the individual or a city or a town or a village or any other community. You can break down the morale of a people by giving them too much charity, taking care of them to too great an extent, so that they have no initiative or ambition on their own part. While it has already been done to some extent with the individual, I just have the thought in mind that it should not be done with our cities or other local units. I can remember the time when our States were proud, when they said, "We can take care of ourselves, we don't need to go to the Federal Government." The State of New York used to say, "We have 13,000,000 people in our State, and we have 7,000,000 people in our city of New York. We are self-sustaining. We don't have to take the pauper's oath for anybody." I should like to see that spirit, that morale still pervade this country. [Applause.]

I reserve the remainder of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, no one can quarrel with the splendid motive back of this bill. No one wants more than I to clear the slums and give the poor people of this country a better chance. I must, however, point out the rather peculiar circumstances which confront its consideration in its present form. Apparently the bill as it stands lacked a majority of the membership of the Banking and Currency Committee. Certainly it is here without the approval of the membership of the Rules Committee, which voted for a rule only because the committee felt it was a subject worthy of the consideration and not because of approval of the text. The chief point in dispute, of course, is the requirement of a local contribution of 10 percent. We all want to bring a little sunshine and happiness to those in the great cities, and give employment to people, but at the same time we do owe a duty to protect the finances of the country. It would do the poor people no good if as a result of financial debauchery we destroy the opportunity for work by bringing hard times. It is not difficult to imagine the deluge of applications which would come from every city and town in this country if no local contribution was required. It would be a riot to see who would get first to the trough, and I am afraid merit would be entirely disregarded.

Under the present law the management is with the local people. With the Federal Government putting up all the money it could not consistently turn the administration over to outsiders.

Mr. TRANSUE. Is not that what the gentleman's party proposes to do with all relief?

Mr. MARTIN of Massachusetts. Not in maintaining large holdings of buildings.

Mr. TRANSUE. Turning the administration of relief over to State authorities?

Mr. MARTIN of Massachusetts. Oh, the gentleman is confusing the issue. What does the gentleman stand for?

Mr. TRANSUE. I am for this bill.

Mr. MARTIN of Massachusetts. How is the gentleman on the other bill?

Mr. TRANSUE. I am for that, too.

Mr. MARTIN of Massachusetts. And which is that?

Mr. TRANSUE. The other bill.

Mr. MARTIN of Massachusetts. Is the gentleman in favor of turning relief back to the States?

Mr. TRANSUE. No; I am not.

Mr. MARTIN of Massachusetts. That is all, then. I do not yield any more. Furthermore, the evidence which came out before the Committee on Rules was the administrator is evading the real intent of the law. When Congress passed the last bill it positively expected a 10-percent contribution on the part of the applicant. All the debate will positively confirm this contention.

Mr. TRANSUE. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. No; I am sorry. I repeat, it is declared the administrator functions to the end the 10-percent contribution will not be made. I would like

to inquire, Is Mr. Strauss bigger than the Congress of the United States? Who is he that he can interpret the law as he wants it interpreted rather than in accordance with those who framed the legislation? This is typical of the danger we are rapidly getting into in this country by constantly holding up bureaucracy. These bureaus actually are coming to believe they are greater than the Congress that creates them. We must combat this threat if we are going to save our representative form of government.

Mr. HOUSTON. We had a chance to check it through the reorganization bill, but we could not get the gentleman's support.

Mr. MARTIN of Massachusetts. What does the gentleman mean by "checking it"?

Mr. HOUSTON. Checking bureaucracy in the Government. That is what we wanted to do.

Mr. MARTIN of Massachusetts. Oh, no; the advocates of reorganization had no such thought in mind in bringing forward the reorganization bill. That bill would strengthen bureaucracy and make Congress a mere rubber stamp of the bureaucrats. Place all the power of spending in the bureaus, control the civil service, and abolish the Comptroller, and you give more power to bureaucracy.

Mr. HOUSTON. But under that bill Congress in 60 days could vacate any reorganization that might be made.

Mr. MARTIN of Massachusetts. That would not happen, and in the meantime bureaucracy would be in complete control. I have no opposition to the rule, because I believe this subject is worthy of consideration. I hope we shall have a sane moment when we come to consider this amendment. Let us for once protect the Treasury of the United States. Let us not make a great humane proposal a football of politics where every city and town will be striving to get its share of the pork, regardless of merit or need, where every city and town will seek something for nothing, with the result it will cost this Government many billions of dollars before we get through. I can see, unless we have some check, a raid which would shake the financial structure of the country.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. KNUTSON. How does the gentleman figure we can cut down expenses when they have increased the Government personnel here in Washington by 400,000?

Mr. MARTIN of Massachusetts. No one in authority hereabouts of late has claimed reduction of expenditures.

Mr. KNUTSON. The gentleman has been urging it. How can they do it when they have so many deserving Democrats to be taken care of?

Mr. MARTIN of Massachusetts. Long ago I gave up all expectation of reducing Government expenditures. In this administration it is like the weather—we talk about it but we do not do anything about it.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. CRAWFORD. I wish to ask the gentleman a very serious question with reference to this bill to get the benefit of his judgment.

The original bill started out on the theory that we would spend \$500,000,000 for this purpose, spread over 3 years, \$100,000,000 to be spent the first year and \$200,000,000 in each of the 2 succeeding years. It took into consideration the fact that the States would have to pass enabling acts so that the cities and towns could come in under the Federal law. Some of the States have acted, some have not. It also took into consideration the fact that slums would have to be demolished as new places were built for people to occupy. It went ahead on the philosophy that we should spend time and consideration in arranging a program that may run into a cost of billions and billions of dollars before these people are housed. Now we come along and hit a financial depression, a depression.

Mr. MARTIN of Massachusetts. Depression or recession?

Mr. CRAWFORD. Depression, spelled with a capital "D." And the philosophy then springs forth that what we should do is to desert our original plan of sane, serious consideration,

taking steps carefully, and convert this into a straight relief problem of speedy spending, so that we can spend, as the Administrator asked the other day before the committee, not \$100,000,000 in the first year, but that over the 3-year period we spend \$1,000,000,000 instead of the original \$500,000,000. The committee has seen fit to give him \$800,000,000, or has jumped it up \$300,000,000.

I want the benefit of the gentleman's judgment with reference to jumping from a sane, sensible, planned housing and slum-clearance program into a speedy spending program. What does the gentleman think about shifting in the middle of the stream?

Mr. MARTIN of Massachusetts. The facts are that right now everybody is trying to grab all they can get while the grabbing is good.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. SIROVICH. The gentleman is one of the most lovable characters on the Republican side of the House. [Applause.] For him we all have a personal affection and admiration. Surely he would not want to have us go away from this session feeling that he is not interested in tearing down the worst slums in America, slums that are breeding disease, criminality, corruption, and thus help the type of humanity that are ill-fed, ill-clothed, and ill-housed, the type that ought to be lifted up. He is too honorable a man, too greatly esteemed as the assistant minority leader to make me feel that he is not in sympathy with the legislation proposed in this bill.

Mr. MARTIN of Massachusetts. I am afraid my good friend the doctor, for whom I have a high regard, did not listen very carefully to my statement. I stated I was 100 percent in favor of the humane motives back of this legislation; but I am trying to protect the Government, I am trying to protect the original purpose of the bill, because I want to see it succeed. I do not want to see this matter made the football of politics to the end it will be terminated or else become a national scandal. In other words, the lifting of the submerged masses is very much in my mind. I want to help them but I want to do it effectively and at the same time provide the necessary safeguards.

Mr. SIROVICH. If the gentleman will yield further, I may say that I have seen human beings living in homes over a hundred years old, buildings unfit even to house cattle.

Mr. MARTIN of Massachusetts. That is true, and those places ought to be removed. We all want to help in the right way.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from New York.

Mr. FITZPATRICK. Under existing law there are many slums in localities that cannot meet the 10 percent. What would the gentleman do with them?

Mr. MARTIN of Massachusetts. I cannot believe that here in the United States there is any locality that cannot raise the 10 percent, if it is a worthy project.

Mr. FITZPATRICK. Assuming they cannot.

Mr. MARTIN of Massachusetts. I do not assume that for a moment, because I cannot believe that here in the United States any locality is so lacking in public spirit and community spirit that it cannot give 10 cents when the Government gives 90 cents. Particularly when it is to be a contribution for the betterment of that community.

Mr. FITZPATRICK. Fall River has a great many slums.

Mr. MARTIN of Massachusetts. And Fall River does not seek to financially ruin the country. It is willing to contribute a small part for an improvement. It wants above all a chance for prosperity and to see conditions where work at real wages will prevail.

Mr. FITZPATRICK. I have not heard anything from New York, but I have heard from one of my cities which claims it cannot meet the 10-percent provision.

Mr. WHITE of Ohio. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Ohio.

Mr. WHITE of Ohio. If the contention is true that they cannot produce 10 percent for this operation, how does it happen they are able to produce a 45-percent contribution for P. W. A.?

Mr. MARTIN of Massachusetts. They can contribute the 10 percent, and it is better for honest administration that they do; but if they give 10 percent for a meritorious project, there will not be as much left for the politicians to waste.

Mr. Speaker, I reserve the balance of my time.

Mr. DIES. Mr. Speaker, I yield 7 minutes to the gentleman from Ohio [Mr. BIGELOW].

Mr. BIGELOW. I am speaking now for an amendment that will be presented later, against which I believe a point of order will lie, but I hope the point of order will not be made. This amendment has nothing to do with the merit of the discussion on the amendments that may be proposed by the committee. However, there is another section that I would like to amend in a very slight particular.

The act provides that cities under 500,000 population must be limited to \$1,000 a room, while cities over 500,000 may spend \$1,250 a room.

Mr. HOUSTON. Why?

Mr. BIGELOW. Evidently it is supposed that in the larger cities there are elements of cost that increase the building cost above the cost of smaller cities. But we find surprising results when we compare these costs.

Cincinnati is a city of 472,000, yet the building costs in Cincinnati are higher than in Baltimore, Detroit, Los Angeles, and Philadelphia, all cities very much larger in population.

Kansas City has a population of 399,000, yet the building costs in Kansas City are greater than in Boston, Cleveland, Detroit, Los Angeles, Philadelphia, and Pittsburgh.

Instead of taking the city as a political unit to be used as the factor, we are asking that the metropolitan area be used. As I stated, Cincinnati is a city of 472,000 population, but Cincinnati has cities within itself.

Mr. DEMUTH. Will the gentleman yield?

Mr. BIGELOW. I yield to the gentleman from Pennsylvania.

Mr. DEMUTH. The gentleman referred to Cincinnati as having a higher index than Pittsburgh. The Cincinnati index is 95 percent as compared to Cleveland. The Pittsburgh index is 102.

Mr. BIGELOW. I have not the Pittsburgh index here. I did not bring with me the figures covering Pittsburgh.

Mr. DONDERO. Will the gentleman yield?

Mr. BIGELOW. I yield to the gentleman from Michigan.

Mr. DONDERO. I may say I am in sympathy with what the gentleman is attempting to do. To whom would he leave it to determine what the metropolitan area may be?

Mr. BIGELOW. The metropolitan area is reported by the Census Bureau, which reports on the population of the metropolitan area the same as it does on the city's population.

Mr. DONDERO. It would determine what municipalities would be affected within that area?

Mr. BIGELOW. Yes. In section 5 of this act, when they come to determine the cost of materials they use the following language: "The locality or metropolitan area"; but in the same section they use the words "of the city," whereas I think it should be the metropolitan area. Evidently the location of the political boundaries of a city have nothing to do with costs. It is the mass of population, the number of people that are gathered in a locality, that is an important factor in determining cost.

Cincinnati is just a little under the 500,000 mark, but we have a metropolitan area of nearly 800,000.

Mr. Speaker, I have a letter from Mr. Bleecker Marquette, secretary of the Cincinnati Metropolitan Housing Authority, from which I quote the following:

It was the intention of the Cincinnati Metropolitan Housing Authority to proceed with a new slum-clearance development in the West End which had been worked out and was ready for submission in tentative form to the United States Housing Authority. Every possible economy had been considered in the unit plans upon which we took tentative estimates. They showed a room cost of \$1,140 and no possibility of cutting down to under \$1,000 as required by the law. As a result we have had to abandon any



more slum clearance for the present in favor of vacant-land projects. The housing authority considers this unfortunate because these deteriorated areas should be eliminated and replaced, as part of our broad program.

I know the area they have in mind. It is the most blighted area in Cincinnati. It is so rotten, as a matter of fact, that when the city of Cleveland put on a Great Lakes exhibition they took as their worst example of slum conditions in the State of Ohio that particular section of Cincinnati; yet our Housing Authority says that unless this is changed so that they can go above the \$1,000 per room they cannot clear this area.

This is an area in which colored people live. We have had one slum clearance through which they removed a population 60 percent colored in order to build for white people, I suppose; but this leaves the colored people with nothing in Cincinnati.

I am pleading with you now, and when the time comes to offer the amendment, I hope the chairman of the committee will not raise a point of order against it.

[Here the gavel fell.]

#### RESIGNATION FROM CONFERENCE COMMITTEE ON WAGE AND HOUR BILL

The Chair laid before the House the following letter of resignation:

JUNE 2, 1938.

HON. WILLIAM B. BANKHEAD,  
Speaker, United States House of Representatives,  
Washington, D. C.

MY DEAR MR. SPEAKER: I understand that it is the intent of the conferees on the wage and hour bill to begin meeting this afternoon.

I feel that it is to the best interests of the House that it be fully represented in these conferences, and as I am confined in the hospital and shall be unable to leave the same before sometime next week at the earliest, I respectfully request that you accept my resignation as a conferee.

Respectfully yours,

GLENN GRISWOLD.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

The SPEAKER. The Chair appoints to the conference committee the gentleman from West Virginia [Mr. RANDOLPH]. The Clerk will notify the Senate of the appointment of the Speaker.

#### AMENDMENT OF THE UNITED STATES HOUSING ACT OF 1937

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, under section 2 of this bill as amended it is provided that this Housing Authority may have the right to enter into contracts to make contributions to the local authorities which enter into these housing operations to the extent of \$40,000,000 in each year, and this authority extends under the provisions of the law for 60 years. The amount of bonds the Government must guarantee that the Housing Authority can issue is \$800,000,000. Under the amendment the committee has brought in here the Housing Authority can advance to the local authority 100 percent of the total cost of the operation. With the Housing Authority having authority to make contributions of \$40,000,000 per year, that \$40,000,000 per year is enough to pay 3½ percent on the whole \$1,000,000,000, and to retire the entire group of obligations in approximately 50 years, perhaps a little less. What does this mean? It means that the Housing Authority can pay to these local authorities a bonus of a tremendous sum of money for entering into these contracts, not only providing them out of the Federal Treasury with the funds to repay all the loans that the Federal Housing Authority shall make to them, together with the interest on them, but giving them a good, big, gorgeous bonus besides.

There is no sense in this kind of an operation. It is not fair and it is not honest to the taxpayers whom we represent. We all know that only a small portion of our people can be taken care of under such an operation as this. We all know it will result in riotous spending of

money with poor results, because it can be no other way with this kind of a set-up. It will simply destroy the entire private building industry in this country.

I cannot see my way clear to support either the rule or this bill. I believe it is one of the most demoralizing measures that has ever been brought in here. It is another step toward the absolute ruination of the credit of the United States. There is absolutely no disposition whatever on the part of this Congress today to meet its obligations and to try to give something of social security and opportunity to the workingman. Everything is being done to prevent the private employment of our people and the private investment of capital and to discourage local energy and activity. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the balance of my time to the gentleman from New York [Mr. FISH.]

Mr. FISH. Mr. Speaker, I agree with the gentleman from New York [Mr. O'CONNOR] in his opposition to that provision in the bill which requires the Government to pay 100 percent of the loans for these housing projects. It seems to me if we do that, the Government will be holding the entire bag. It will just be another raid upon the Treasury, with the result that the local housing authority will have little or no interest in seeing that the Government is paid back any of the loans. You might just as well change the whole bill and make it a direct grant instead of a loan, because if the bill passes in its present form and the local housing authorities are not required to put up even a 10-percent contribution, I do not believe we will get a dollar back. Nobody will be working for us, and the net result will be that we will lose the entire billion dollars. If that is to be the situation, let us stop talking about loans and call it a direct grant and add another billion dollars to our existing national debt of \$47,500,000,000.

The gentleman from New York [Mr. O'CONNOR] spoke of these housing projects requiring \$800,000,000, and that is what this bill authorizes, but the Authority evidently has already spent \$200,000,000, because last August we authorized the appropriation of \$500,000,000, and in this bill we are authorizing another \$500,000,000. This is probably the reason the bill refers to only \$800,000,000. Of course, we in Congress get so accustomed to talking about millions and billions that we get the terms a little bit confused. Whether it is a million dollars or a billion dollars hardly makes any difference these days. As far as this particular bill is concerned, it will make no difference whatever when it comes to getting any of these loans paid back into the Treasury.

If this bill goes through in its present form, providing for 100-percent loans to the local housing authorities, you may as well write off the whole billion dollars and add it right on to the huge deficit for 1939. It is sheer political humbug and a fraud to talk of repayment of any of this money except by other appropriations out of the Treasury of the United States if the bill passes with the 100-percent loan provision in it.

Mr. FORD of California. Mr. Speaker, will the gentleman yield?

Mr. FISH. No; let me finish, and I may yield later on.

I was opposed in the committee to this 100-percent loan provision. A majority of the members of the Committee on Banking and Currency were opposed to it in the committee. I left my proxy in writing against a 100-percent loan contribution by the Government, and so did another minority member of the committee. It is the time-honored practice of that committee, going back 20 years or more, to have proxies counted, but in this particular instance, in spite of my written proxy, it was not counted, and the bill was reported by a 9-to-8 vote.

I feel at liberty to state here exactly what happened, although it was an executive session, because everything that did happen in that committee meeting was published in the New York Times, even to the names, the vote, and everything else, including my own name and showing that my proxy had been objected to and was not voted. I am not saying it is a wise procedure to vote proxies. I am not raising the question

of the merits or demerits of that practice. I can see much for and against it. I am saying that in the Committee on Banking and Currency and in other committees of the House it has been a time-honored tradition and privilege to permit members of the committee to leave proxies and have them voted. In this case that privilege was refused, and the bill was reported out by a minority vote of the committee and is now before the House as a result of a minority vote.

I have voted for all these housing projects. I want to do away with slums and congested areas. I want to do away particularly with slums in the city of New York and provide for low-cost housing projects. I would prefer to follow the British example of erecting individual houses for \$3,500 or \$4,000 in order to provide home ownership for our American wage earners. Instead of doing this, we propose to build these huge apartment houses and the people who go into them pay \$4 for \$10 rooms and the Government pays the balance, with the net result a privileged few are living upon the Government under this arrangement and are tenants and not home owners.

I am not opposing this bill, except that provision in it which has to do with the 100-percent loans. The original bill—the \$500,000,000 measure—was passed by the Congress back in August, some 8 or 9 months ago. Very little has been done in the way of actual construction since that time. Now, the Federal Housing Authority rushes in here, when only a small part of the money we appropriated at that time has been spent, and asks for another \$500,000,000. I am only stating this as part of the record, not in opposition to the bill. I am only stating it to show that some people in high places in this country have only just found out that there is an emergency and increasing unemployment.

Last August there were some Members of Congress on the minority side who realized that there was an emergency in the country then, and we said so, and the President of the United States denied that there was an emergency, or that there was even a recession. He said then that unemployment was a myth, that it was a mere assumption, and it continued, from the President's viewpoint, to be an assumption for many months, right until the early part of this year.

Then, about the first of February, it became a recession and, gradually, the people began to understand it was not only a recession, it was a depression, and it was a Government-made depression, a Roosevelt depression. Now at last, the President of the United States himself recognizes the fact that we have increasing unemployment in the United States and seeks control of the relief funds as he says to expedite relief.

It was stated 6 weeks ago that we had 13,000,000 unemployed in our country. The President has said within 24 hours that for the last 6 weeks unemployment has been increasing very rapidly. If this is so there may be now 15,000,000 unemployed, but, at least, it is a good thing that the President has found out that the people are unemployed and that there is increasing unemployment.

There are two obstacles today to recovery and employment of our wage earners. One of them is the destruction of confidence or a lack of confidence and the other one is Franklin "Deficit" Roosevelt. Remove the latter and you will remove the former very quickly.

Nevertheless, the situation with which we are confronted is that we are told now an emergency exists, and in order to overcome that emergency we must authorize \$500,000,000 more for housing projects and the Government must contribute the entire 100 percent in loans.

This is the main issue. This is the issue that must be decided by the Congress regardless of partisanship. There is not an iota of partisanship in such an issue requiring the Government to make a 100-percent loan.

If you want the Government to be raided and robbed and to carry the whole load, then vote for this 100-percent-loan contribution, and we will not get 1 cent back, not 1 penny back, in repayment of the \$1,000,000,000. I defy anybody, in his own time, not in my limited time, to explain how we will ever get any money back. The only hope is that there

is some local contribution because if there is a local loan, then the local housing authority will have a mutual interest to protect it and will not simply rob the Government. They will have to look after their own loan and then they will have some interest in the expenditure and repayment of this money. They would have none otherwise. That is the real issue that is raised by the committee in this bill under the 100-percent-loan provision.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. FISH. I cannot yield in the limited time I have.

If I get the opportunity, as a member of the committee, I propose to offer several amendments.

Our Chief Executive, and my constituent, has recently seen the light and has stated there should not be any more tax-exempt securities issued. Some of us have been sounding off and urging that for many years. I propose to offer an amendment to this \$800,000,000 authorization that the money shall not be raised by issuing tax-exempt securities. The way to stop issuing tax-exempt securities is to stop. We have already created a dangerous situation by borrowing \$20,000,000,000 and piling debt upon debt and deficit upon deficit by selling tax-exempt bonds. It is a vicious circle and harmful to legitimate business borrowing and the expansion of industry and the employment of labor.

Also, if there is a proper place for it, I propose to offer an amendment to provide for the prevailing wage scale in the locality where the housing project is located so that the construction will be done under the prevailing wage scale. If that is in order the House can decide whether they want to amend the bill accordingly.

These local housing projects, although we put up the money, will not be owned by the Government. They will be owned by the local housing authority. They are not like post offices which are owned entirely by the Government and are automatically tax exempt. The Government will practically own nothing at all, and the money will be turned over to the local housing authority, and we will have no way of getting that money back except through them. It is even doubtful in some of the States whether these housing projects will be tax exempt, because they are not Government-owned.

In addition, and in conclusion, I am hopeful that some way will be found in solving this serious problem of housing, that we can do something for the home owner and not merely build huge apartments and beehives in city districts but that we will build homes for the American people in the vicinity of large cities as that is the best way to combat radicalism, socialism, and communism in America. [Applause.]

Mr. DIES. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. GOLDSBOROUGH. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10663), to amend the United States Housing Act of 1937.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10663, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. GOLDSBOROUGH. Mr. Chairman, the membership of the committee is divided on the committee amendment almost equally. An effort will be made on this side to divide the time equally between those who are proponents of the amendment and those who oppose it. I yield 15 minutes to the gentleman from Kentucky [Mr. SPENCE].



Mr. SPENCE. Mr. Chairman, something has been said about the approval of this bill by the committee. We were in executive session when the vote was taken. I have always felt obligated to keep the confidences that come to me by reason of an executive session. It has been said that the majority of the committee did not vote for the bill. I have always understood that the quorum is the committee when sitting and a majority of that quorum did vote to report this bill.

As far as proxies are concerned, they have never been recognized by the House. I have never heard of them being recognized by any committee and I have been on the Committee on Banking and Currency for 6 years and I have never seen a proxy attempted to be used up to this time.

As far as the philosophy of this bill is concerned, we passed on that last year when the bill was passed. The philosophy of the bill is declared and the public policy is stated in section 1. That section provides:

SECTION 1. It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this act, to assist the several States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income, in rural or urban communities, that are injurious to the health, safety, and morals of the citizens of the Nation.

It was adopted as the national policy, and I believe it is a sound national policy. An epidemic which starts in the slums of a city, by reason of the improved roads and the improvements in transportation, may travel an immense distance and may jeopardize the very life and well-being of people in far, remote sections. Criminal tendencies, which may originate in the slums of the city, may in the same way jeopardize the lives and property of people in far-distant sections of the country, and by reason of good roads and improved means of transportation crimes may be committed outside the cities and the criminals return to the slums as a haven of safety. It is a national problem. I believe the President is deeply interested in the successful operation of this great undertaking of slum clearance and sanitary housing. The President, in his message on relief on April 14, 1938, used the following language:

We suffer from a failure of consumer demand. The hoped-for reemployment of this spring is not proceeding fast enough to create an economic upturn. Therefore, the problem calls for action, both by the Government and by the people.

I propose to the Congress three groups of measures.

This is the third proposal:

This third proposal relates solely to definite additions to the purchasing power of the Nation by providing new work.

I ask for certain amendments to the United States Housing Authority Act to permit the undertaking of immediate construction of about \$300,000,000 of additional projects. The Federal Housing Administration is prepared to increase the already mounting volume of home and apartment construction.

The existing law made available \$100,000,000 on the passage of the bill, \$200,000,000 additional on July 1, 1938, and \$200,000,000 on July 1, 1939. The pending bill makes immediately available \$800,000,000. It increases the amount heretofore appropriated by \$300,000,000. Upon the passage of the original bill \$5,000,000 was made available for contracts for contributions; \$7,500,000 was made available for contributions on July 1, 1938; and \$7,500,000 was made available for contributions on July 1, 1939. The pending bill makes \$40,000,000 available annually for contracts for annual contributions to the local housing agencies.

The bill also would do away with the 10-percent payment required of local subdivisions. The language of the statute in regard to the 10-percent clause is very indefinite. It is as follows:

In the case of annual contributions in assistance of low rentals as provided in section 10, the total of such loans outstanding in any one project and in which the Authority participates shall not exceed 90 percent of the development or acquisition cost of such project. Such loans shall bear interest at such rate as is the going Federal rate at the time the loan is made plus one-half

of 1 percent and shall be secured in such manner and shall be repaid within such period, not exceeding 60 years, as may be deemed advisable by the authority.

Mr. BEITER. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. BEITER. Listening to the statement made by the gentleman from New York, I was left with the impression that the total amount, last year's appropriation and this year's appropriation, was \$1,000,000,000. Is that correct?

Mr. SPENCE. No. The total amount, as I understand it, is \$800,000,000.

Mr. BEITER. I received an inquiry from one of the members of the Building Trades Council of the city of Buffalo in the course of which he asked that support be given to an amendment to increase the amount from \$500,000,000 to \$1,000,000,000, and I was wondering whether the gentleman from New York had reference to that.

Mr. SPENCE. I think the original proposition was to make an increase of \$500,000,000, but the committee increased it \$300,000,000, instead of making a total of \$800,000,000.

Mr. BEITER. I have a further inquiry with reference to the 10-percent contribution. It is my understanding that the 10-percent contribution will be applicable up to 100 percent of the acquisition cost but not in excess. What does that phraseology mean? It is not clear in my mind.

Mr. SPENCE. The 100 percent of the project cost?

Mr. BEITER. One hundred percent of the acquisition cost, but not in excess.

Mr. SPENCE. That, as I understand it, means the cost of the project completed.

Mr. BEITER. Including the cost of the land?

Mr. SPENCE. Including the cost of the land and the cost of the buildings and improvements.

The President has said he wants this character of legislation. He said that in his message to the Congress which I have just quoted. I think we may assume that Mr. Straus, the Administrator, speaks for the President. He was the personal choice of the President to administer this great undertaking. I am today in receipt of a letter from Mr. Straus. The same letter, I understand, was sent to each member of the Committee on Banking and Currency. I judge that he has conferred with the President as to his wishes in this matter, and this is what he writes in regard to the United States Housing Authority being authorized to lend 100 percent to the local housing agencies:

DEPARTMENT OF THE INTERIOR,  
UNITED STATES HOUSING AUTHORITY,  
Washington, June 2, 1938.

Under the act as now written, the U. S. H. A. loan is limited to 90 percent of the development cost of a local housing project. The other 10 percent, in practically all cases, is raised by the locality as a local loan from private sources. The 90-percent loan advanced by the U. S. H. A. and the 10-percent loan advanced by some local investor are both secured on a coordinate basis by the rental revenues of the project. In addition, both are secured by the annual contributions paid by the U. S. H. A., but under the act these annual contributions must be applied first toward the payment of interest and principal on the U. S. H. A. loan when due. Under our present arrangements, which provide that the bonds evidencing the 10-percent local loan have the earlier maturities and that the bonds evidencing the 90-percent Federal loans have the later maturities, the U. S. H. A. annual contributions are in effect applied during the first 15 years toward the payment of interest on the 90-percent U. S. H. A. loan and the payment of interest and principal on the 10-percent local loan; and then during the next 45 years toward the payment of interest and principal on the 90-percent U. S. H. A. loan.

This system of split loans, 90 percent being advanced by the U. S. H. A. and 10 percent being advanced by local investors, has many disadvantages:

First. It is common knowledge that split loans are always less economical and more cumbersome. Months of time and much money are spent in working out the complicated details of a three-party agreement, with two lenders whose interests are not necessarily consistent and at times incompatible.

Second. The 10-percent loan made by the local investor generally bears a higher rate of interest than the 90-percent loan made by the U. S. H. A., therefore imposing a greater charge upon the project than if the entire project loan were made by the U. S. H. A. This means higher rents or more costly subsidies.

Third. The power which the present act gives to local bankers or other investors to have the final determining voice as to

whether or not a project shall be commenced enables them to exact conditions which are burdensome to the project and which may be prejudicial to the best interests of the U. S. H. A. as the 90-percent investor.

Fourth. The requirement of 10-percent local investment rules some localities out of the program entirely, either because they cannot raise the money on any terms or because the terms demanded by local investors are such that the U. S. H. A. cannot assent to them.

The amendment allowing the U. S. H. A. to lend 100 percent rather than 90 percent of the development cost of local housing projects would therefore promote economy, speed, and the wider distribution of the housing program, and would improve rather than impair the financial condition of the Federal Government. The adoption of this amendment would not cost the Government any more, because the maximum aggregate amounts of loans and annual contributions which the U. S. H. A. may make are in any event fixed by the act. Its adoption would not reduce but rather would augment the ultimate amount of private capital flowing into housing, because private investors may buy either the U. S. H. A. obligations which are sold to raise the money for the U. S. H. A. loans or the local housing authority obligations which may be resold from time to time by the U. S. H. A. Its adoption would bring the U. S. H. A. housing program more strictly into line as to methods with the program which has proved so successful in England, and which if allowed to proceed here without burdensome and unnecessary restrictions can do so much in this country toward the permanent elimination of slum conditions and the immediate recovery of business.

I also want to read you what the attorney for the United States Housing Administration, Mr. Keyserling, says with reference to this:

At the present time this 10 percent is not furnished as a donation by the local authority. It is raised through the sale of local housing authority bonds to private investors, the same investors who might be buying the U. S. H. A. obligations issued to raise the money with which to make the 90-percent Federal loans. Therefore, this 10-percent requirement does not mean an additional investment of private capital, or an additional donation by the local authority. The requirement of the local 10 percent has simply meant that the U. S. H. A. is held up on the commencement of each project for from 1 to 3 months, while negotiations are entered into with private bankers who believe they have control over U. S. H. A.'s program and can exact their own terms. In some cases the concessions which they have asked have made it impossible for U. S. H. A. to go ahead at all. In cases where it has been possible to proceed, it has taken a great deal of time to reduce these exactions to the point where they could be acceptable to the U. S. H. A.

These amendments would not entail any additional cost to the Government.

Since the amount of money available to the U. S. H. A. for loans is definitely fixed, the cost to the Government is no less if all the project's cost is loaned than if 90 percent of the project cost is loaned. Furthermore, since the interest rate on bonds sold to the Federal Government will, in most cases, be less than the interest rate which would have to be borne on bonds sold to purchasers other than the United States Housing Authority, the power to lend all of the project's development cost will ultimately be reflected in reduced debt service charges which must be met from the rents and the subsidies.

You will observe from these statements that some of the cities will be able to receive the benefits of this law, and others, by reason of being unable to contribute the 10 percent, will be prevented from doing so.

Its benefits should flow equally to all cities similarly situated, whether large or small, and to rural communities where the housing is insanitary and unsafe, and unless its application is universal it will give undue benefits to some and work unjust hardships to others.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. AMLIE].

Mr. AMLIE. Mr. Chairman, I desire to discuss the general question of housing legislation. We have been dealing with the subject of housing now in numerous bills that have been brought up during the past 6 years.

It seems to me that there are two things which are fundamental that must be done if we are to have an adequate housing program as far as the private construction of houses is concerned. The bill today concerns itself only with the aspect of public housing for that part of the population that has passed the possibility of further exploitation, for the simple reason that they cannot pay the economic rent of any house that they might occupy.

The two things that must be done, as I see it, are first, to give the private house builder the advantage of the low interest rates that are possible today, and, next, for the Government to do those things that must be done if the ownership of a house is to be a matter of investment rather than a matter of speculation.

I introduced a bill, H. R. 8310, about a year ago patterned after what has been done in the Scandinavian countries for the past 30 years, but it is impossible to get a measure of that kind considered in this House. When the housing bill was discussed here last year the interchange of arguments back and forth between the aisles of this House indicated that the sole question to consider was whether the measure was satisfactory to a Mr. Morton Bodfish, executive vice-president of the United States Building & Loan League, and the American Savings & Loan Institute. If Mr. Bodfish is to write our legislation the rest of us might as well go home. There is no reason for paying 435 Members of Congress \$10,000 a year if they are merely going to consult Mr. Bodfish and enact into law what he considers desirable; and that is all we have enacted into law up to the present time.

Mr. Chairman, there is no reason why we in this country should not provide credit to individuals who wish to build, at an interest rate of not more than one-half percent above the rate which the Government is paying. On approximately \$38,000,000,000 which the Federal Government has borrowed the average interest rate 6 months ago was 2.34 percent. It seems to me we could readily provide credit to home builders at the same rate required in the Scandinavian countries, which, on an average, is  $3\frac{1}{4}$  percent. If people found it possible to borrow money on that basis, a great many middle-class people who could afford to build would be very happy to do so, but if they have to pay twice as much as the going rate of interest paid by the Federal Government, of course, they are going to hesitate, and they are hesitating to spend any of their money for housing.

Another factor is that of speculation. In this country we proceed on the theory that the subdivider must be protected in his constitutional right to speculate with the homes of other people. He must have the opportunity to buy a piece of land, subdivide it and sell it for three or four times what he paid for the land. Then the home builder buys a lot and risks everything on whether the subdivision will be a success or not. Every community ought to control its own future development. That has been the reason for the success of housing in the Scandinavian countries.

Let us take Stockholm, Sweden, as an example. That city over a period of 30 years has been acquiring land on the outskirts of the city. At the present time Stockholm owns five times as much land around it as there is in the central portion of the city. When a subdivision is to be put through the city authorities make the decision. If it calls for a thousand houses at \$3,000 a piece, the city authorities make a selection of the best available land in that price classification and lay out a subdivision. A prospective home owner who wishes to build a house can go into the subdivision and rest assured it will be completed. He knows that the city will not start another subdivision in the same class until this subdivision has been developed. He knows also that after he has built he will have utility service, he will have sewers, water, and electricity; transportation will be provided, and schools will be built for his children. The element of risk under these conditions is reduced to a minimum. But in this country, if a man wishes to build, he first has to deal with the agent of some subdivider. He is persuaded to buy a piece of land, and probably pay three or four times what the subdivider paid for it. Then the odds are against him. The chances are that the subdivision will never really be developed, and in a few years he will find that he cannot sell the house he spent \$10,000 on for more than \$5,000. That is the history of home building in the United States. The only way we can get around that is have the Federal Government lend money at actual cost to the various communities, to be lent by the community in turn to prospective home builders, whether they



wish to be part of a cooperative unit or wish to build as individuals. That is the only way we can get away from the risks that are being forced today upon the prospective home builder. Until we do that we cannot regard the building of a home as an investment.

The building of a home in the United States under present conditions is not an investment but a speculation in which the builder is sure to lose. Until we are willing to recognize that and make it possible for the home builder to regard his building as an investment, we are not going to have a revival in the field of private construction of residences. I do not know at the present time exactly what the figures are, but building in the field of private residences is virtually at a standstill. As long as our legislation is being dictated to us by Mr. Bodfish and the building and loan associations of the country, we will continue to enact the meaningless drivel we have been writing on the statute books for the last few years. There is, in my opinion, no good reason why we should not provide the prospective home builder with credit at say one-half of 1 percent more than the Government has to pay for the same credit.

When the housing bill was under consideration during the present session I remember some of the Members who spoke here apparently proceeded on the theory that a rate of 5 or 6 percent on money was ordained by God Almighty, that it is in the eternal scheme of things, and anyone who would do anything to undermine the institution of interest at the rate of 5 or 6 percent was trying to destroy the system. That does not follow.

Money has a price, just as everything else has a price. When money is scarce the price is high. When capital is plentiful, when we have \$16,000,000,000 in the banks looking for investment, and there is no opportunity to reinvest, under a system of laissez faire, the price of interest should theoretically go down to zero.

Certainly the time has come in this country when we must recognize that there is no longer any economic justification for an interest rate in excess of 3 percent or 3½ percent, or something of that kind, to the ultimate user. Until we are ready to recognize these two things, the right of the home builder to secure credit at roughly what it is worth and to be protected from speculation and given the opportunity to make of his building an investment, everything we are doing here is simply waste motion. [Applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, the philosophy of providing homes for people who have been unfortunate is a very far-reaching one to consider. Checking over some of the States, I find reports to the effect that over 50 percent of the total population in some States are on relief. I believe in this morning's Post one State is referred to. It is a western State which has two or three basic industries tied up in two or three companies. One of them is the Anaconda Copper Co. If this company would take 10,000 workers back on the pay roll and thus furnish shelter and food to 34,000 people, or 3.4 per worker, it would relieve 34,000 out of a total of 250,000 on relief. This happens to be a State into which we have poured millions of dollars and into which we will undoubtedly, under our present program, pour other millions of dollars.

This program starts out with the idea that it provide many homes for many people, a beautiful concept and a beautiful idea, but somewhere there must be a realist.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I should like to make the point of order that a quorum is not present, if the gentleman yields for that purpose. I believe the gentleman's remarks should be heard by more Members of the House.

The CHAIRMAN. Does the gentleman yield for that purpose?

Mr. CRAWFORD. I yield to the gentleman, Mr. Chairman.

The CHAIRMAN. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 95]

Atkinson	Faddis	McMillan	Sabath
Barden	Flannagan	McReynolds	Sadowski
Boren	Fulmer	Magnuson	Schneider, Wis.
Buckley, N. Y.	Gasque	Mahon, S. C.	Schulte
Bulwinkle	Gehrmann	Mahon, Tex.	Shafer, Mich.
Byrne	Gifford	Mansfield	Sheppard
Caldwell	Gingery	Martin, Colo.	Simpson
Cannon, Wis.	Gray, Pa.	Mason	Smith, Maine
Carlson	Green	Mitchell, Ill.	Smith, Okla.
Cartwright	Greenwood	Mitchell, Tenn.	Smith, Va.
Champion	Griswold	Mosier, Ohio	Smith, Wash.
Chapman	Guyer	Mouton	Somers, N. Y.
Citron	Hancock, N. C.	Murdock, Utah	Stack
Clark, Idaho	Harrington	Norton	Steagall
Clark, N. C.	Hartley	O'Connell, Mont.	Summers, Tex.
Cluett	Hendricks	O'Connell, R. I.	Sutphin
Cochran	Hennings	O'Connor, Mont.	Sweeney
Cole, Md.	Hildebrandt	O'Day	Tarver
Colmer	Hook	Palmisano	Taylor, Tenn.
Crosby	Hope	Patman	Thurston
Crosser	Jenks, N. H.	Peterson, Fla.	Tobey
Crowther	Keller	Pettengill	Vinson, Ga.
Culkin	Kelly, Ill.	Pfeifer	Wadsworth
Cummings	Kelly, N. Y.	Pierce	Wearin
Curley	Kerr	Polk	Weaver
DeRouen	Kniffin	Quinn	Welch
Dirksen	Kopplemann	Ramspeck	Wene
Ditter	Kvale	Randolph	Whelchel
Dockweiler	Larrabee	Rich	White, Idaho
Doughton	Lewis, Md.	Richards	Whittington
Douglas	Lord	Robinson, Utah	Zimmerman
Drew, Pa.	Lucas	Rockefeller	
Drewry, Va.	Luecke, Mich.	Rogers, Okla.	
Driver	McClellan	Ryan	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 10663, and finding itself without a quorum, he had directed the roll to be called, when 294 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, in the beginning I might say that I am opposed to this bill as written, and it will be my purpose sometime, when we read the bill under the 5-minute rule, to offer an amendment to it which will carry out, if enacted, what we thought we passed here at the last session of this Congress. We passed legislation providing for slum clearance, and low-rent housing, which provided for a local housing authority, and the appointment of an Administrator. The Administrator is Nathan Strauss. During the discussion of that legislation, with all the power that I had, I advocated its adoption with the firm belief that the city, the State, the district, the county, the local municipality or public unit would contribute to the initial cost of the project 10 percent. If there is a single individual in this committee that did not have that understanding, then I want him in his own time somewhere along the line to rise and say so. That was clearly the intention of the law, but perhaps it is not as clearly expressed as it should be. I come here this afternoon with humiliation, chagrin, and with disappointment, to find that the clear intention of Congress has been openly, flagrantly, and almost impudently disregarded and violated in the administration of the law.

Under the administration of the present law no local contribution is required on the cost of the project. The local housing authority borrows the full amount of the cost. No aid from the State, county, or city. Ninety percent of the cost is borrowed from the United States Housing Authority and the other 10 percent from private sources. The revenues of the project are pledged for the payment of bonds issued to raise the money with which to develop the project. The funds for this purpose are derived from

two sources. The rents received from tenants and the annual contributions from the United States. The indenture securing the bonds may be one instrument covering all the bonds or there may be a separate indenture for the bonds sold to private interests but all bonds, principal and interest, are paid from a common fund, the principal part of which is provided by the Federal contributions. The bonds of the local housing authority are all serviced and finally paid out of funds furnished by the United States without any help or assistance from the local government unit. Now it is proposed that the United States Housing Authority purchase all the bonds and remove all local interest in the project. If this is what Congress wants, of course it can act accordingly. This is almost the policy England entered upon in 1919 and had to abandon it almost immediately in order to save the credit of the nation.

No one has been a more loyal and consistent supporter of measures to bring not only economic relief to the distressed and suffering millions, but also to secure a higher degree of social justice to the unfortunates and underprivileged of our land, than I have. I voted for all the social-security legislation, including old-age benefits and assistance, unemployment insurance, public-health service, and aid to dependent and crippled children. I supported the farm-security program to rehabilitate and aid those in rural communities. I have given my aid to rural electrification in order that those far removed from the centers of population may enjoy some of the comforts and conveniences of modern times, and to lessen the toil, monotony, and drudgery of life. I have advocated Federal grants in aid of highway construction, not only that we may have adequate post roads but in the interest of interstate commerce and as necessary for national defense. I have plead for appropriations from the Government to assist the States in a plan of vocational education which would give the children not alone of the rural sections a chance to study agriculture, but boys of the cities an opportunity to study and learn some trade, and the girls to study home economics to better fit and qualify them for lives of greater usefulness in the years ahead.

What I say about this legislation is said as a friend to it, as one who has advocated it and still believes in it, and as one who has some concern for the future of this policy upon which we are entering, and also with some regard for the ultimate cost to the Government. It may be admitted in the beginning that slum clearance has a national aspect. The crowded areas in the congested centers of population in this country, with all of their implications of immorality, disease, and crime, have an appeal for Federal aid, and, so far as I am concerned, I am willing to go along with the proposition for the Government to help the cities of this country rid themselves of one of their greatest social and economic burdens.

Tear down the shacks and the hovels in our big cities and remove the firetraps, and when that is done the fire risk will be reduced, the insurance rates decreased, and the expense of maintaining fire-fighting equipment lowered. When those unsightly and filthy shacks and buildings are torn down the value of all of the surrounding property in that neighborhood is necessarily increased, and when the men, women, and children are removed from the places of disease and crime, from those dark, dingy, and musty corners of the hovels, and are placed out in the pure air and the clear sunshine under modern and healthful conditions of living, better citizens will necessarily be made of them. They learn the rules of hygiene, they establish higher standards of moral conduct, they are more orderly and law observing. When that is done the cost in the criminal courts is decreased, the expense of police protection is lowered, and the burden on public-health service is lifted. Also, there will be fewer in the insane asylums, in the jails, in the hospitals, and in the eleemosynary institutions of the city, and in clearing the slums the city is not only relieved of that vicious moral and social evil, but a great economic financial weight is lifted from the backs of the taxpayers of that city.

It is of great benefit to the big cities of the country to have the slums removed from them, not only from a social stand-

point but from the standpoint of dollars and cents. That being true, why should not the cities, the ones upon whom is the primary responsibility, contribute the major portion of the funds necessary to rid themselves of their greatest local problems? The answer of the Administrator, rather flipantly, when that question was put to him in the committee, was to tell some kind of a rather strange, and I might say silly, story about a chipmunk climbing a tree.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. Yes; I yield to the gentleman from Georgia.

Mr. COX. It was generally reported that when Mr. Strauss appeared before the gentleman's committee in support of the pending proposal he offered in support of the suggestion that he was then making what he represented to be the English law treating with this subject, when he knew, or should have known, that that law had been repealed several years ago. Is that correct?

Mr. WILLIAMS. That is my understanding of what he said, and I shall be glad to discuss that before I finish here if I have the time.

The answer that is given here by those who attempt to speak for the big cities of the country is that those cities are not able to raise the funds to help clear their slums. They say, "We are already burdened with debt." Yet it is a matter of common knowledge, and everybody knows, that there is centered in the great cities of this Nation all the commercial, industrial, and financial activities of the entire country. There is the very seat of the wealth and income of the Nation. On the one hand, we hear complaint made on the part of some of the great industrial cities that they are paying too much taxes.

If they have the wealth and the income there ought to be no complaint about paying the taxes. On the other hand, we hear the argument that these same people and these same places are not able to raise the money to rid themselves of their own great social and economic burdens. This is an inconsistent argument. We all know that the bonds of the big cities in this country are selling at almost par with the bonds of the Federal Government. This does not indicate that their credit is impaired. Bonds are being issued to build hospitals, bonds are being issued to build jails and eleemosynary institutions and schools, bonds are being issued to buy parks and beautify them as places of recreation. If they can do that, I ask in all fairness can they not raise sufficient money at least to donate and give to this great cause 10 percent in order to rid themselves of this great evil?

Mr. FLETCHER. Mr. Chairman, will the gentleman yield for a question for information?

Mr. WILLIAMS. I yield to the gentleman from Ohio.

Mr. FLETCHER. There is a general impression that by insisting upon the 10-percent contribution it involves a great deal of red tape, a great deal of delay. Will the gentleman please explain whether this is true or not?

Mr. WILLIAMS. I do not think there is anything to that. The Administrator himself said they were getting along all right as far as that is concerned.

Another argument made by the cities is that they have reached their debt limit. Let us see about that. They say they cannot issue any more bonds, that they are already burdened with debt and have reached the limit. We all know that the limit is fixed by constitutional or statutory provision based upon the assessed valuation of the property. The assessed valuation in the great cities of this country in most cases is very low, in some places as low as 25 percent. In very few cities, if any—I doubt if any—have they in any way approximated the 100 percent of actual valuation. If they want to increase their debt-creating capacity all they have to do is to raise their assessed valuation, and then they will be able to meet this situation.

The claim that is made by the big cities of this country that they are not able even to make this 10-percent contribution will not hold water. As long as they can make Santa



Claus out of the United States, of course, and ask the Government to contribute the 100 percent they will graciously and gladly accept the donation.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Georgia.

Mr. COX. If this bill becomes a law, slum clearance resolves itself into a resettlement proposition, does it not?

Mr. WILLIAMS. Largely so.

Mr. DALY. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Pennsylvania.

Mr. DALY. Does the gentleman know that in Philadelphia, my home city, you can buy 75 percent of the real estate today for less than the assessed value?

Mr. WILLIAMS. No; I do not.

Mr. DALY. In that instance would the gentleman want to increase the assessed valuation?

Mr. WILLIAMS. Yes; I would.

Mr. DALY. You cannot get 75 percent of the assessed valuation of the property on the market today.

Mr. WILLIAMS. I would question that statement for the very reason that according to the record the assessed valuation in the city of Philadelphia in 1937 was lower than it was in 1932. They collected less tax in the city of Philadelphia in 1937, when this country was at a high peak of prosperity, than they collected in 1932, simply because the assessed valuation had been lowered. That is what they have done; they have lowered their assessed valuation. In 1937 the assessed valuation of the property in the city of Philadelphia was \$816,279,000 less than it was in 1932.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 10 additional minutes to the gentleman from Missouri.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I cannot yield. I would like to make my statement. I shall be glad to yield if I have time, because I think I can answer any question that can be asked about this legislation.

The cities claim they are making a great annual contribution in the remission of taxes, or tax-exemption on the property that is owned by the local housing authority. The Administrator put in the Record, and I want you to remember this, a statement that the local communities were making an annual contribution of 61.9 percent as much as the annual contribution made by the Federal Government. Let us look at this a minute. This was based upon the assumption that after all the money that is donated by the Government was spent in building modern homes upon property that theretofore was worthless, that it would be assessed at 100 cents on the dollar and taxes collected on it.

The record is that the cost of the land in the slum areas, or the value of the vacant lots on which these houses will be built with Government money is only 16.8 percent of the value of the finished project; in other words in a million-dollar project, on which the Government spends \$1,000,000 in purchasing land and building these modern homes only 16.8 percent represents the present value of the land.

The \$168,000 is the value of the land which the Government buys in that locality. That land, it is safe to say, is not assessed for taxation purposes at 50 cents on the dollar or, let us say, \$80,000 assessed valuation. The average tax rate in the cities where projects have been approved is \$21.66 a thousand. If they received taxes as the property now is, it would not exceed \$1,700, yet the Government is building these houses and the Government is subsidizing the project to the extent of \$35,000 annually, with an ultimate total cost of \$2,100,000 to the Federal Treasury. Instead of the city suffering on account of the remission of taxes and on account of tax exemptions, as they claim they are, to the extent of 61.9 percent, or 20 percent, as the law requires, they are making an actual contribution of less than 5 percent.

Mr. FARLEY. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Indiana.

Mr. FARLEY. Is the gentleman presuming to tell us this afternoon that all this money is going into the larger cities

and that the smaller towns of, say, 25,000 will not receive any of it?

Mr. WILLIAMS. It does not make any difference. They are slums no matter where they are located, whether in a large or a small city. The city is benefited, and it makes no difference to me whether it is large or small. Of course, the fact is this money will go into the larger cities. I never expect a dollar of it to come into my congressional district to clear out a single slum or provide a single house for the low-income group among my people. It makes no difference. Wherever it goes, the principle is the same.

Then it is insisted that the cities could not afford to exempt from taxation these public-housing properties. It is claimed it would unbalance their budget and place a heavy burden upon the rest of the taxpayers, notwithstanding they are losing practically nothing if property that was heretofore worthless, was exempted entirely. There are billions of other tax-exempt property in their midst for the benefit of public agencies which are performing functions similar to public housing projects. It must be remembered that any kind of a subsidy, either local or national, can be justified only on the ground that the housing authorities are public agencies and are performing a public service and are not operated for profit.

The Bureau of the Census has a report for 1936 on tax-exempt property in 52 cities of the 94 cities having a population of over 100,000. The assessed value of real property in those cities in round numbers was \$39,000,000,000. The value of all real estate in those cities was \$50,000,000,000, \$11,000,000,000 of which, or 22 percent of all of it, was exempt from taxation. This embraces only a little over half of the big cities of the Nation. Most of the tax-exempt property is owned by the cities and is used for the purpose of promoting the peace, safety, health, morals, and general welfare of the community, just as the public-housing program proposes. It seems to be all right to exempt all this property because it is used in the public service, but it will not do to exempt buildings erected by the Government on property which has heretofore been practically worthless in an attempt to rid the city of one of its greatest curses.

In addition to that, under the constitution of many States, the housing projects, being public property, could not be taxed by the cities. This was held by the Superior Court of the State of Kentucky. It is a great sacrifice for these cities to exempt from taxation property which they cannot legally tax.

An appeal is made to throw open the doors as an emergency measure and help the unemployment situation. This is not emergency legislation. We are entering upon a program which by its very terms extends over a period of 60 years. This is just the beginning of the most far reaching and expensive activity of the Government that has yet been undertaken. If carried to its ultimate conclusion it will involve the expenditure of many, many billions of dollars. This particular bill calls for loans to the amount of \$800,000,000. If projects in that amount are subsidized at 3½ percent annually over a period of 60 years, it will ultimately cost the Government \$1,680,000,000. This will take care of about 160,000 families, which is a cost of \$10,500 per family. You can readily see where we are going if we have 5,000,000 families in this class, and that is far below the one-third of our population which it is said are ill housed. This is not a work program but the beginning of a movement to furnish sanitary and decent homes to many millions of our citizens. We have a work-relief program and are appropriating some four or five billion dollars for that purpose. That should be enough for 1 year. Besides, this undertaking, if local help is forthcoming, will result in giving employment to many people.

The Federal Government has gone far afield in making grants and subsidies to help States and political subdivisions thereof, but it has never yet gone to the extent of subsidizing them 100 percent. It has never borne all the burden without some local help. Benefit payment to the farmers is often

referred to as justification for full contribution by the Federal Government for slum clearance. There is no analogy there. The justification for benefit payments under the soil-conservation program is to protect and conserve the soil, the essential and necessary natural resources, for the very existence of future generations. Again the farmer foregoes and surrenders his right to plant all his acreage for the benefit of himself and family and for that he is in part compensated by the Government. Then again, the fundamental philosophy back of the farm program is an effort to make the principle of a protective tariff effective as to farm products and place agriculture on a parity with industry. A discussion of that proposition would take us far afield from the housing problem.

Grants in aid of highway construction have been given as an instance of a Federal subsidy. That is true, but the State or locality must furnish the right-of-way and match the Government grant dollar for dollar. The State does not ask or receive a 100-percent grant. If the State can raise funds to meet the Government contribution on a 50-50 basis, why not the State or city raise at least 10 percent to help solve the housing problem?

Vocational education is also cited as an example of a Federal subsidy. That is true; but again the State must match the money advanced by the Government. If the State can do that in order to give boys and girls a chance to prepare themselves for greater usefulness, why cannot the State or city donate at least 10 percent toward the eradication of disease and crime in its midst?

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. WILLIAMS. Mr. Chairman, air and water mail subsidies are mentioned. This is a grant not of 100 percent to a public agency but a small subsidy to private industry in order that everyone may have mail service at a rate which can be paid by the poor and humble as well as the rich. Otherwise, those who could afford it would have the benefit of air mail while those of more modest means would be denied this right. In addition to that, by a grant to the aircraft and sea vessels that carry mail, we are developing two strong arms of our national defense.

The House just passed a law involving the policy of the National Government with reference to flood control. The expenditure of Federal money for flood-control purposes has long been recognized as legitimate and proper, but local contributions have always been and still are required. In the case of levees, the Government builds the structure while the State pays all damages and maintains the project after it is constructed. In the case of flood-control reservoirs, the Government builds the dam while the local authority pays 30 percent of the damage done. In many of these cases the locality where the dam is built suffers all the damage and receives no benefits, while those farther down the stream receive all the protection and benefits and suffer no damage. Still the local authority must pay at least 30 percent of the damage. If the State must pay 30 percent of the damage caused by the construction of a flood-control dam, whether it receives any benefits or not, certainly a city could pay 10 percent on a slum-clearance project in order to solve a great social problem.

Slum clearance is certainly in the interest of public health. Aid is rendered by the Government to States and cities to maintain a public health service. Eight million dollars has been allocated for that purpose but it is given only to those States that appropriate a like amount for that service. If the States and localities are required to raise money for this purpose, why not put up something to eradicate the slums which are the greatest source of disease?

Under our social-security program we have given grants in aid to States to help the aged and infirm, the dependents and the unfortunates, but we require the States to contribute to this great work. The Government does not propose to do it all, or even the major part of it. This is a great social service and if these States must bear their part in this

splendid movement, why should not the States and cities take the lead in blotting out the greatest social evil of all?

State-Federal soldiers' homes have been established. This is a home where those who have seen service in the defense of their country may go and live in peace and comfort during their declining years. The States must build and maintain these homes and the Government contributes \$10 per month for the support of each inmate. There is one of these homes in my congressional district. The daily per capita cost of each inmate is \$1.56 and the Government contributes only 21 percent of it. If the State must provide 80 percent of the cost to maintain a home for ex-service men, is it unreasonable to ask the State or city to provide 10 percent of the cost of a housing project to give its inhabitants a decent and a sanitary home?

Somebody has asked about the English system. When the Administrator appeared before our committee he pointed to the English system and tried to tell us that we were modeling our plan on the English plan. I am not so much concerned with what England is doing as I am with what the United States ought to do. What may apply there may not apply here. They have a different system of government. They have no dual system. They have no intervening state between the national and the local authority, as we have in this country. If we are going to take England as a model, let us profit by their experience and by the example they have set. In 1919 England entered upon a building program that is strangely parallel to the proposition contained in this proposed legislation. Before 2 years passed in that country they recognized their mistake, and they had the manhood and the bravery to stand up and change their system. While they committed themselves to a housing program which required the national government to finance it over a period of 60 years, they soon realized that it was necessary to change that plan in order to save the English Exchequer, and they did change the plan. Under their plan, which I say is strangely parallel with the plan proposed here, it cost in England \$11,250, to build and finance a home over a period of 60 years, just as this plan is costing the Government of the United States \$10,500 per home over the same period of time. Since that time England has changed her laws. They saw the mistake they had made, and today they are requiring a local contribution of from 50 to 65 percent in order to carry out the housing program. They are financing their present plan over a period of about 35 years at a cost of a little over \$1,100 a building. That is the difference. That is what England has done and is doing now. If we want to follow England's example, then let us profit by the experience they have gone through and be careful what we do here.

When the Administrator was before our committee he presented a chart, and some of you will perhaps refer to that chart in an attempt to answer what I am saying. I want you to remember that the chart which he presents includes the English housing program of 1919, which has saddled upon the English people a burden of \$11,250 a house. He puts that in because that is what they are having to pay now. That is the mistake they made. While the annual contribution by the English Government, according to a chart that was presented here, will appear to be large and to be expensive to the National Government—and it is—it is because of the mistake they made by requiring a complete annual national subsidy at the beginning of their program back in 1919 that they are now saddled with that burden.

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Illinois.

Mr. McKEOUGH. With reference to the chart that the Administrator submitted to the committee at the time he appeared before us, and which is shown on page 137 of the hearings, it is indicated that at the present time the amount of money spent by the English Government—

Mr. WILLIAMS. I do not want the gentleman to make a speech. What is the question?

Mr. McKEOUGH. I have to state an introduction in order to clear up what I believe is a misstatement the gentleman



made. At the present time England loans 100 percent of the cost of the project. Is not that correct?

Mr. WILLIAMS. No; I do not agree with that at all.

Mr. McKEOUGH. Does the gentleman question the correctness of the Administrator's testimony?

Mr. WILLIAMS. I do. I question the correctness of the statement that the English Government lends 100 percent.

It is my understanding that the local housing authority in England may sell its bonds to the Public Works Loan Commission to the amount of the full value of a project. But those bonds have back of them not only that property but all the property and revenues of the authority, and in addition to that the taxing power to make up any deficit or default.

Mr. McKEOUGH. Did the gentleman inquire of the Administrator with respect to the correctness of the statement?

Mr. WILLIAMS. No, I did not; but I question that. The English Government may do it; it may.

Mr. McKEOUGH. It may; then it is possible it will do it in some instances.

Mr. WILLIAMS. Is that all?

Mr. McKEOUGH. I just wanted to make sure the gentleman's information is correct, as I believe it is incorrect.

Mr. WILLIAMS. The English Government does not always lend 100 percent; not by any means. The local housing authority in England does not necessarily borrow from the federal government, and I will tell you why. I will tell you the plan. If I had the time here I would discuss that in detail, because there is nothing to be concealed about it; not a thing.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Michigan.

Mr. WOLCOTT. If the gentleman will refer to the hearings on the extension of the Federal Housing Administration of last February, he will find that the contribution by the Government of Great Britain is, I believe, 73 or 75 percent only.

Mr. WILLIAMS. Yes.

Mr. LUCE. Mr. Chairman, if the gentleman will yield still further, Sir Harold Belknap, who knows more about this subject than any other living man, told me within a month to the same effect.

Mr. WILLIAMS. There is this absolute and essential difference between the plan we have here and the English plan with reference to the administration of the housing program and that is the local housing authority in England is a local political unit, like our county or our township or our city. They are the ones who administer the housing act in England. Here we have simply a corporation set up under the authority of a State legislature without a thing in the world back of it except the property it holds or acquires with the money it borrows from the Federal Government and the subsidy it gets from the Government and the rents that it receives from the property. There is no financial responsibility back of it. There is nothing of that sort there. In England when they borrow the money they have back of it the faith and credit of the entire municipal organization, and if there is a deficit in the housing-revenue fund, the taxing power of that local community may be brought into action in order to raise the amount of the deficit. This is the difference.

The movement to clear the cities of slums and to furnish safe and sanitary dwellings for the low-income group is a laudable and commendable one. This great social service is worthy of the most careful consideration and closest study. A blunder now will mean a set-back for this great cause. In the interest of the National Treasury, as well as the efficient and effective administration of the housing program, there should be real and substantial local contribution and responsibility. [Loud applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, did I understand the gentleman from Pennsylvania [Mr. DALY] to make the state-

ment just a moment ago, when the gentleman who preceded me was speaking, that the real-estate assessment or the assessment of property in Philadelphia and in Pennsylvania had dropped 75 percent?

Mr. DALY. No; what I said, speaking of Philadelphia and not Pennsylvania, was that you could buy in Philadelphia today practically 75 percent of the real estate for 70 percent of its assessed value.

Mr. HOFFMAN. I thank the gentleman.

There is a testimonial that comes from a worthy Member of our own body showing just exactly what the New Deal has brought to Philadelphia. The New Deal took over Pennsylvania and Philadelphia lock, stock, and barrel. They have a New Deal wage law in Pennsylvania. They have had the full benefit up there of John L. Lewis, his United Mine Workers, the C. I. O., and the glorious effects that come from the N. L. R. B. They are basking in the warmth of the New Deal sun at noontide, and 75 percent of their property is worth 70 percent of its value. That fact is a typical and common result of New Deal application of its theories.

Mr. DALY. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. They have had the benefit of the N. L. R. B. up in Philadelphia. If my memory serves me correctly, Philadelphia is the place where they sold a million-dollar factory for \$100,000, after Saposo' boy got through with their operations, junking the machinery. They have had all of the benefits up in Philadelphia of having the services of the distinguished gentleman [Mr. DALY], who is now on his feet here representing them, who has entrance to the White House, who has the ear, if I might so illustrate it, of our wondrous President and who undoubtedly is the personal friend of the President's secretary, McIntyre, and yet 75 percent of the property of the city is for sale at 70 percent of its valuation. And men are out of work, men are seeking jobs, men are hungry—men, women, and children are enjoying—shall we say the New Deal's brand of the "more abundant life"?

Mr. DALY. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. No; I got all the information I need—that will be enough for today. [Laughter.]

If this is not a record to be proud of, if this is not proof of what the C. I. O., the N. L. R. B., and the grand New Deal Jimmie and all, bring to a city, to a State, I do not know where you would get it. I am only sorry they have not confined their activities to Pennsylvania. They have slopped over into Michigan, Ohio, Illinois, and other States, and that is the thing that we worry about up there.

I have no doubt but that the purpose of this bill is worthy. I know that the new dealers, or so they say, have some worthy proposition, something that is going to help the oppressed, the downtrodden, the unemployed, in mind if they could only make something work in this workaday world of ours. Do not for a moment think I am now referring to any member of the Roosevelt family as being unemployed or out on a limb where they are not getting a pay check. I am not referring to their class. They all seem to be well provided for; even Jimmie has his uniform. I am referring to that class that the gentleman who preceded me, and who spoke so reasonably, so eloquently, and so persuasively, referred to; those people who make up the backbone of the country; those people who in the end will have to pay the bills—the farmers, the workers, the white-collar boys and girls, the small manufacturers and storekeepers, the common people.

I recall distinctly last year talking to a former Member of the House from New York, our very good friend, Marcantonio, who suggested that the people in the city of New York could not live unless we gave them so much per month, and, undoubtedly, he was correct about it; but my query to him was this: How long do you expect the people out in the country, who get up with the coming of the sun, who work in the field until it is going down—oh, yes; in dirty, nasty, dusty fields some say—but we say in that glorious outdoors where the sunshine is a tonic, where breezes blowing over the sun-kissed clover fields bring Na-

ture's sweet restorer, more precious than perfume from the farthest Orient, where the morning dew makes man glad and to rejoice in his strength, where evening's shadows call him home to his rest to the arms of a faithful wife, to the bosom of a God-fearing family, to a night's repose that knows no troubled sleep—how long do you expect us people to continue to toil day after day, week after week, year in and year out—how long do you expect us to work and support the people in the cities in idleness?

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Not long ago I noticed there was an item in the papers showing that down here in Washington there were homes being turned over to the colored people, and there is no reason why they should not live just as well as we do, in homes just as good and well furnished as we do, and if I had my way they would. Those homes were costing \$6,800 each, and that is all right. That is fine. They were to be occupied at a rental that was not sufficient to pay upkeep and interest charges and reimburse the Government. Was that right—was it just?

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes more to the gentleman from Michigan.

Mr. HOFFMAN. Mr. Chairman, I remember the old home in which I lived when I was first married, and I still live in the same one. The cost above the foundation was just \$1,000. Of course, it did not have a tinted porcelain bathtub in which flowed hot and cold scented water, but, after all, the old lady and I and the kids as they came along—and they came along, thank God—could get clean, first, in the old wooden washtub, which we hauled in from the woodshed, and later, as improvements came, in the nice, shining galvanized tub, by the use of the soft soap that we made ourselves. And gentlemen would be surprised how a good dose of soft soap in real hot water mixed together in an old wooden tub will make one feel not only physically clean but mentally and morally clean. I do not know whether there is any scientific question involved in that operation. My good friend from New York, Dr. Sirovich, can, no doubt, with his vast scientific knowledge trace some connection between the hot water and soft soap applied vigorously with a stiff scrubbing brush and clean, clear thinking. I would suggest to some of my city friends that sometime, instead of getting into that beautiful bathtub of theirs that is sunk in the floor, feet first, all tinted and perfumed, with wondrous paintings on the wall, with scented powder waiting their pleasure, after a drying with a soft, caressing towel, they take a kettle of hot water and they place in it a couple of handfuls of good old soft soap, and with corn-cob vigorously applied, wash themselves all over—yes; up and down as far as possible, and even around and behind the ears and between the toes, even between the little one and the one just east or west of it—and get physically clean all over, and then read a chapter or two out of the Bible, and perhaps say, "Now, I lay me down to sleep," and see if, after that old-fashioned "horse and buggy" days, they do not feel a little bit better, a little more sanctified, a little more charitable, a little more able to take care of themselves, and not throw all of their burdens on the country people. Is there any reason why you need so much money in cities? What is a home, after all, that you would build? We are not just building barracks, a home is not just a place to put people in, as bees put honey in cells, as one files papers away; a temporary storeroom just to stuff people into little cubicles here and there. You want a home for people, a home for the family, a home for the kids, a home for mother, a home for father, a home where on the wall hangs the motto, "God bless this home." And what is a home, after all? It is not a place that the young fellow goes to—to meet companions who drink, swear, and tell lewd stories.

Mr. DALY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Michigan yield for a parliamentary inquiry?

Mr. HOFFMAN. I do not. Do you want to know what a home is and what it is for? It is not a big place that sets

away back behind a stone or iron fence in some city or suburb or some place like that. I do not figure that is much of a home. That is just a place to stop; that is just a place where you meet your neighbor and your neighbor's wife; that is just a place to say "good morning" or "good evening" to a maid or footman. That is just a place where your sons and daughters come to meet other young people who drink or who dance, talk about their betters and use as a starting point for some livelier place of pleasure. My idea of a home is a little place that is set off by itself. A place that is sacred to the family, where mother reigns supreme, where each has his part of the toil, of the pleasure; where each is the other's counselor, helper, sympathizer; where each is a part of the whole, and the whole is one in happiness and sorrow, if sorrow comes. There may be no chimney in this home of mine and the smoke pipe perhaps may go up through a tile or a piece of tin on up through the top of the roof, and perhaps the bed I sleep on, instead of having a Simmons spring and inner-spring mattress is simply some old pieces of rope tied to the crosspiece at the foot and to the crosspiece at the head of the bed, and drawn tight with a stick twisted in, and it may be possible that there is nothing in the mattress but some straw, a luxury indeed compared to the old corn husks that some of us used to sleep on. But it is a place where when you have finished your day's work whether in the mill or in the field, in factory, or in mine, or just fishing in creek or pond, or just loafing round the corner store chewing tobacco and spitting on the stove or in ash box you can go to morning, noon, or night, you know it is your own. A place that is your own, where you are king, where wife is queen and the raggedest, dirtiest-faced kid when he crawls upon your knee is prince or princess, a gift from the gods. A place all your own where you can go and meet the wife, knowing that she is your wife—and your wife only—where when she greets you she knows that you are her man—and her man only. Where each child knows that no matter what the reproof—the punishment for wrongdoing, in the end all is forgiven—all is affection and love. A home where when you come in, perhaps toiling over the kitchen table preparing your supper, your wife is waiting with a welcoming smile and has for you in her work room, the kitchen, a place where you can sit down with her and maybe with your boys and girls and eat of the things that you have earned by honest toil.

That in part is what I call a home, and when the evening meal is over, perhaps you gather around the fireplace or the stove and you read a chapter or two from the Scripture, talk awhile with the family, share their joys and their sorrows, until it is time to go to sleep, and then you all get down on your knees and father or, perchance, mother lifts voice in prayer and all thank God for the things that he gave during the day, and ask him to keep you through the night and to give you the morning sun, when you may begin another day of toil in his vineyard. That in part, and a very small part, is a feeble description of a place that may be called a home—the place that is yours, and into which no man can come unless you say, "Yea." It is my regret that time is not permitted me to point out some of the contrasts that will exist between these structures—these things of wood and steel and stone—where on the door mat in place of the familiar "Welcome" we will find inscribed "Vote for Roosevelt." In place of the motto on the wall, "God bless this home," we will find, "Franklin, be kind to me."

Mr. DALY. Mr. Chairman, I call the attention of the Chairman to the fact that the gentleman from Michigan is not addressing himself to the bill.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. TRANSUE].

Mr. TRANSUE. Mr. Chairman, I think it would be well for a man from Michigan now to talk about the bill for a while. This controversial amendment and the whole thing seems to me to sum itself up into a question of whether or not we will support the administration in relieving unemployment that is rampant in my district and most of the



other congressional districts of the country. I read now that portion of the President's message which deals with this subject. The President delivered a message on relief on April 14, 1938, and in that message he stated in regard to housing as follows:

This third proposal relates solely to definite additions to the purchasing power of the Nation by providing new work.

I ask for certain amendments to the United States Housing Authority Act to permit the undertaking of the immediate construction of about \$300,000,000 of additional projects. The Federal Housing Administration is prepared to increase the already mounting volume of home and apartment construction.

Subsequent to that message our committee received from the Administrator, Mr. Strauss, two proposed amendments to carry out the program suggested to the Congress by the President.

That, as he states here, is the third part of his program. The Administrator, appearing before our committee, stated that he could carry the program along with the 10-percent contribution by the municipalities and local housing authorities retained, the municipalities and local authorities being required to obtain that money from some place other than the Federal Government. The Administrator's testimony, however, is to the effect that in case that is required it will slow the program up, that it will take some months to get it under way; in other words, the \$500,000,000 that was allocated to this slum-clearance program last year would be sufficient to carry through the program if we are still going to demand the 10-percent contribution from the municipalities. I think that is the testimony of Mr. Strauss, the Administrator.

So it comes down to the question, Are we going to try and relieve unemployment in this country? Are we going to put men to work? As has been stated by Mr. O'CONNOR, are we going to give the skilled artisans of this country a place to go to work and thus comply with the President's program in regard to housing?

For just a minute I want to direct your attention to what the cities do give to this program. It has been stated that they do not give anything. At the time the gentleman from New York [Mr. O'CONNOR] stated that I asked him to yield and suggested that the tax exemptions and assessments that were given by the local municipalities to lower the rents for that portion of our population for whom this slum-clearance program is intended is an actual contribution on their part. Those who say it is not a contribution have not, it seems to me, looked into the facts, because the people who pay taxes on real estate, or whatever taxes are raised by the local government, pay a substantially higher tax than they would if these projects were not exempted. These other taxpayers in the community are making a very substantial contribution in the form of the exemptions granted these projects.

Mr. VOORHIS. Mr. Chairman, will the gentleman yield?

Mr. TRANSUE. I yield.

Mr. VOORHIS. Is it not true that this bill does not affect in any way whatsoever the provision for local contributions, that the local contribution of 20 percent, or the annual subsidy, is still retained? The local contribution and the grant plan are still retained. The only question involved is whether the local housing authority shall borrow 100 percent or 90 percent from the United States Housing Authority.

Mr. TRANSUE. That is exactly the question here involved.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. TRANSUE. I yield.

Mr. WOLCOTT. In this connection, will the gentleman explain how the proposed committee amendment changes existing law?

Mr. TRANSUE. It is my understanding that under the pending bill the Housing Authority may lend 100 percent where it previously could lend only 90 percent.

Mr. WOLCOTT. Will the gentleman cite where in existing law any restriction is placed upon the lending authority of the Administrator?

Mr. TRANSUE. Yes; there is such restriction. I have not the law in front of me, but there is in existing law a provision that only 90 percent can be lent by the Housing Authority under this type of construction. That provision is in existing law, I am sure, because I just read the paragraph. It gets down to just that.

Under the way the Housing Authority is proceeding at the present time it is necessary for the local communities to borrow 10 percent from the local banks or some other source. I ask the Members of this House what city in this country has, in cash, 10 percent of the amount of one of these projects? I know of no city in the State of Michigan which has any such surplus in its treasury, and I do not believe there are very many cities in the country which have surpluses in their treasuries. The present method is for them to pledge the rentals of these projects for the 10 percent. They get the 10 percent from the bankers. Under existing arrangements it is necessary for them to pay a higher interest rate to the banker for the 10 percent loan, although it is gilt-edge security. Consequently, the interest rate on the 10 percent being greater than it is on the 90 percent they get from the Government, it necessitates that much higher rental that the people occupying these projects must pay.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. TRANSUE. I yield.

Mr. BOILEAU. Has the gentleman any information as to the comparative rates of interest that will have to be paid by these authorities on the money borrowed from the Government and the money they have been borrowing from the banks?

Mr. TRANSUE. My information in regard to that is that it is higher. I cannot speak with exactness, but my understanding is that it is from 4 percent up.

Mr. BOILEAU. From the banks.

Mr. TRANSUE. From the banks.

Mr. BOILEAU. And it is below 4 percent from the Federal Government. So the authorities in the final analysis are not borrowing more money one way or the other.

Mr. TRANSUE. Not at all.

Mr. BOILEAU. It is just a question of borrowing it all from the Federal Government rather than a part of it from the banks.

Mr. TRANSUE. That is right. So, as I said before, the question comes down to whether you are going to try to improve the unemployment situation in the country, are you going to give men jobs, are you going to give them the mass purchasing power that has been requested, the kind of purchasing power that brought us out of the doldrums of 1932 and 1933, or are we going to say that we cannot meet the situation?

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DORSEY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 10663) to amend the United States Housing Act of 1937, had come to no resolution thereon.

#### HOURLY OF MEETING

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. O'CONNOR of Montana (at the request of Mr. GREEVER), indefinitely, on account of official business.

## EXTENSION OF REMARKS

Mr. DEMUTH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a memorial address.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FLETCHER. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD with reference to the address I made this morning and include therein a statement regarding old-age security.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. Under a special order of the House heretofore made, the gentleman from Indiana [Mr. LUDLOW] is recognized for 25 minutes.

## PEACE BY CONFERENCE AND A NAVAL HOLIDAY

Mr. LUDLOW. Mr. Speaker, it seems to me that it would be a tragic development—tragic to America and tragic to humanity everywhere—if this Congress should adjourn without doing something to protect America and the world from the horrors of war. We have been in session since January 3, and with half of the world on fire and the other half resting on a tinder box, we have done absolutely nothing to promote peace. We are drifting, drifting, and in such circumstances drifting is dangerous.

My purpose in arising today is to do all I can in my feeble way to arouse the forces of peace to an instant realization of our obligations and responsibilities. I hope that Congress, before it adjourns, will adopt my resolution placing itself on record in favor of a naval holiday and a conference on limitation of arms.

The adoption of this resolution by the body that speaks for the people would dramatize to the vision of the entire world the American will for peace, and in every country on the globe it immediately would start a new trend of discussion away from war and in the direction of peace. Judging the sentiment of humanity as a whole, the forces that make for peace are much greater than the forces that make for war, and in this dark hour of history the leadership of America is all that is needed to start a world-wide peace movement of great portent and promise.

The news that America is taking the lead in a world-peace movement would fly on the wings of electricity to the farthest corners of the earth, and it would do more right now than anything else that could happen to lift up and strengthen the weary heart of humanity.

## BLESSSED ARE THE PEACEMAKERS

There is no doubt the people of the world are ready to acclaim such leadership. From the mouths of untold millions of human beings would come all homage and praise to America for leading in such a movement.

Viewing the world picture of today, America, strong, alert, and idealistic, needs to hark back 1,900 years to find its motivation in the words of the Man of Nazareth, "Blessed are the peacemakers."

If there ever was a time when the Christian influence needed to be exerted in world affairs, now is that time. My humble confession of faith is that if this sorrowing world is to be saved it will be through Christianity's saving force and power, and that no time should be lost in arousing Christians to united action against the atrocities and butcheries and griefs and burdens of war.

## THE HOUR HAS STRUCK—THE OPPORTUNITY IS HERE

America has an opportunity to be of immeasurable service to humanity if it will assume the leadership now—not sometime in the future but now—of a peace movement to break the spell of militarism that is gripping the world.

The hour has struck. The opportunity is here. Will we embrace it or will we forfeit by negligence and inaction our chance to turn the world away from war into paths of peace—a chance that may never come to us again? What can we do?

America can do two things now to arrest the tide of butchery called war and to relieve humanity from the fears and the grueling financial burdens caused by the war psychosis which has taken possession of the world. Those two things are:

First. Propose to the powers that we have a naval holiday.

Second. Call a conference of the powers on limitation of armaments.

Never did a nation have such an opportunity for leadership as now confronts the United States. If it were divinely ordered, it could not seem more perfect. The people all around the world are weary of war. They are weary of its griefs and heartaches. They are weary of its crushing burdens and of the pain it puts in the hearts of mothers. Just now a leader who could compose the war clouds and start the trend away from war and in the direction of peace would be hailed as the savior of the world.

Never was a more stellar role cast for the exercise of American statesmanship. Of all the nations on earth America is best qualified to lead in this world-peace movement.

America's leadership, if brought into action at this time, now, can check the mad race for naval supremacy and can bring the powers together around a table to plan a reduction in armaments. In the concurrent resolution I have introduced in the House, known as House Concurrent Resolution No. 46, I propose that the United States shall sound out the other nations on a suspension of all naval construction until January 1, 1940, and shall issue a call for a conference of delegates of all the leading powers to be held in Washington next October to take up the question of limitation of armaments. As my resolution suggests a definite course of national action that cannot fail to interest every peace-loving citizen, I ask your indulgence while I read its text.

## TEXT OF PEACE CONFERENCE RESOLUTION

It is as follows:

Whereas a competitive race of armaments is sapping the financial strength of nations, breeding international distrust and suspicion, and endangering the peace of the world; and

Whereas there are unmistakable indications that the world is weary of war and strife and the colossal burden of armaments and would welcome a sincere movement in the interest of peace: Therefore be it

*Resolved by the House of Representatives (the Senate concurring),* That it is the sense of the Congress of the United States of America that a proposal to suspend by joint action all naval construction until January 1, 1940, should be submitted by the United States to all of the leading powers.

It is also the sense of the Congress of the United States of America that a peace conference should be held in the city of Washington on or about October 1, 1938, to which all of the leading powers should be invited to send delegates to discuss limitations of armaments and other questions associated with and promotive of international concord.

This resolution may be cited as the peace-by-conference resolution.

A great national ground swell of sentiment back of this resolution would insure its adoption. It is so worded that it does not interfere with the prerogatives of the President, the Secretary of State, or any other officials who are concerned with foreign affairs. It does not instruct or direct them to do anything. Its adoption would not be a mandate but it would be informative as to the views of Congress and the country. The resolution does not contemplate any action outside the legitimate and proper jurisdiction of Congress. It does not infringe upon the province of any executive authority. It merely declares it to be the sense of Congress that America should now take the lead in declaring a naval holiday and in calling for a conference on limitation of armaments.

It is entirely proper that Congress, representing the people, should express itself. The time is ripe for it. The world is crying for action to break the war psychology.

It has often been truly said that the function of a concurrent resolution is to register the opinion of Congress, and that is what this resolution will do, if adopted. But it has even greater significance than that. The Congress of the United States, especially the House, is traditionally close to the people, and this resolution is proposed as the only



means applicable to the situation of registering the will of the people on war. It will mean, if adopted, that the people of America think the time has come to cease the insane rivalry of armaments and to put a stop to the unconscionable butchery called war. In a democracy it is right and proper that Congress, the body that stands closest to the people, should express itself from time to time by concurrent resolution on questions of great and vital national interest. There is a strong and insistent national demand that Congress shall live up to its obligations as a coordinate branch in the scheme of government. Congress will abdicate its functions and will be untrue to its responsibilities if it does not keep forever vibrant the voice of the people. Certainly these are questions on which the people who have to do the suffering and the dying and to bear the unspeakable burdens and griefs of war have a right to express themselves; and if they do express themselves through their chosen Representatives by the adoption of this resolution, there is no reason to doubt that officials of the Government who are charged with the responsibility of acting in foreign affairs will give proper attention and consideration to their wishes.

#### NAVAL EXPANSION BILL EQUALS VALUE OF FOUR STATES

A naval holiday coming at this time, just before the naval expansion bill is to go into effect, would be a great boon to American taxpayers. This single bill authorizes an expenditure of about \$1,150,000,000 for instruments of destruction, a sum so stupendous that it staggers the imagination. This bill alone appropriates the equivalent of \$2,742 for every day since the birth of Christ. The estimated value of all real property and improvements in four States is as follows: Vermont, \$351,463,000; Delaware, \$292,253,000; New Mexico, \$392,287,000; Nevada, \$227,453,000; total, \$1,263,456,000. This one bill, if carried into effect, will be a charge against the taxpayers that will be equivalent to almost the total property values of four States. This fact is paralyzing to all who stop to think. Does not common prudence suggest that before we sacrifice such enormous values we should make some effort to secure an agreement among the powers for a naval holiday?

Fortunately, by the very terms of the naval expansion bill the way is left open for the creation of a naval holiday and an arms limitation conference, such as my resolution proposes. Section 9 of that bill says:

In the event of an international treaty for the further limitations of naval armament to which the United States is signatory the President is hereby authorized and empowered to suspend so much of its naval construction as has been authorized as may be necessary to bring the naval armament of the United States within the limitations so agreed upon, except that such suspension shall not apply to vessels and aircraft then actually under construction.

Here we have a plain suggestion that is worthy of the most careful consideration. That suggestion holds implications of the most widespread interest to humanity all over the world but it will amount to nothing more than a useless gesture unless something is done to make it effective. Let us not permit an idea to die, still-born, that offers so much of hope for the future peace and security of humanity. Let us by adopting the resolution I have introduced give it real promise and vitality so that something worth while may come of it. As a Christian nation, dedicated to high ideals, we could do nothing better, nothing nobler.

The world is ready for an arms limitation conference and if America does not propose such a conference it will miss one of the greatest opportunities to promote world peace that was ever offered. Diplomats and roving ambassadors may split hairs and may strive by all the unfathomable methods which only a diplomat can understand to convey the impression that a peace movement is not practical at this time but the people are tired of diplomatic circumlocution and tergiversation and are sick of the devious ways of the diplomatic gentry. The people want peace and they want it by direct action. They see nothing improper in inviting Japan and England and France and Italy and Germany and the other powers to get together around a table

in Washington to ascertain whether an agreement cannot be reached that will stop the armament folly and insure peace to a weary world. They ask this question, If it comes to the worst and the movement fails, what harm has been done? The world will then be in no worse fix than it is now.

#### JAPAN AND BRITAIN WOULD WELCOME CONFERENCE

But there is every reason to believe that the movement would not fail. There is every reason to believe that it would be a grand success, for the people of other countries are as sick and weary of war as the people of America are. On February 19 the Associated Press carried a dispatch from Tokyo stating that at a giant mass meeting in that capital 10,000 Japanese shouted approval of a resolution by Takeo Miki, member of the Japanese Parliament, suggesting an antiwar pact between Japan and the United States and calling for closer ties between the two countries. After listening to 17 speakers the great assemblage adopted the following resolution:

We hereby declare we will endeavor to deepen the understanding and advance cordial relations between Japan and America and thereby contribute to the peace of the world and the welfare of mankind.

The assembly was called a Japanese-American friendship meeting. Copies of the resolution were ordered sent to President Roosevelt, Secretary of State Hull, Vice President Garner, and Speaker Bankhead.

On March 4, 1938, in Tokyo Japan's Foreign Minister, Koki Hirota, said:

Japan would welcome an opportunity to discuss the question of naval reduction with the powers. If such an opportunity appears, the Japanese Government will propose the total abolition of capital ships.

The Prime Minister of Great Britain, the British Foreign Minister, and the head of the Japanese Navy all say they want to enter into a conference to limit naval armaments. When responsible spokesmen of other powers give voice to such sentiments, who can doubt that an arms limitation conference would be successful?

#### SECRETARY HULL'S WISE UTTERANCE

On September 1 last Secretary of State Hull said:

This country is only awaiting the opportunity to enter upon any genuine effort that may be made toward disarmament.

And to this forthright declaration he added a graphic word picture of the folly of arms races.

#### International armaments—

He said—

are bankrupting the world. We seem to be caught in a vicious circle where each increase begets more, and more men are taken from productive work and more and more capital is removed from constructive use.

The war psychology will be dissipated and hope will return to the hearts of men just as soon as representatives of the nations assemble around a table and solemnly resolve that they will have no more of this foolishness that is leading civilization to the brink of destruction. To what nobler task could America dedicate herself than the leadership of this great cause? The issue involved is tremendous. If America leads, other nations will follow in the path to peace. If America does not lead, the world will continue its mad course toward destruction. [Applause.]

Mr. FLETCHER. Will the gentleman yield for a question?

Mr. LUDLOW. I yield to the gentleman from Ohio.

Mr. FLETCHER. I think every Member of Congress and the people of the Nation owe a very deep debt of gratitude to the gentleman from Indiana for taking the leadership in behalf of this cause which he so ably represents here today. His intelligent and constructive work will be a wholesome influence for peace for many years—I was about to say generations—to come. The city of Indianapolis and the State of Indiana have a right to feel proud of their distinguished contribution to the peace leadership of America. He sees with a clear and far-sighted vision, and he is tireless in promoting the cause of peace, which is to him a sacred cause.

Does the gentleman believe that without legislation of this kind, authorizing a conference, a world war is inevitable?

Mr. LUDLOW. I say with great sadness I fear it is.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. A thoughtful man of God said to me some weeks ago:

The battleship *Tezas* and the Library of Congress were built about the same time. Each cost \$5,000,000. The battleship *Tezas* has gone and the Library of Congress is still functioning with ever-increasing usefulness.

This is a striking contrast of public investments. I prefer libraries to battleships, but, of course, I do not want my country equipped solely with libraries while our aggressive neighbors are equipped with battleships. I would very much prefer that all nations be equipped with libraries.

I wish to second the complimentary statement of the gentleman from Ohio regarding the leadership in the cause of peace of the able gentleman from Indiana. Is it not the gentleman's judgment that the large vote cast in this body for the so-called super-Navy bill, the authorization bill which we passed some time ago, was due to the fact that it contained the provision which the gentleman quoted, holding out hope for such a limitation of naval armament?

Mr. LUDLOW. While that was perhaps not a decisive factor in the situation, I believe it certainly was impressive with many Members and certainly it helped many Members reach the conclusion they would vote for the bill. There are no stancher or abler friends of peace anywhere than the gentleman from Ohio [Mr. FLETCHER] and the gentleman from Arizona [Mr. MURDOCK], and I thank them kindly for their good opinion of the work which I have humbly sought to perform in the cause of peace. [Applause.]

The SPEAKER pro tempore (Mr. RABAUT). Under a special order of the House heretofore entered, the gentleman from Nebraska [Mr. BINDERUP] is recognized for 30 minutes.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. BINDERUP. Mr. Speaker, I ask unanimous consent that on Monday next after the disposition of matters on the Speaker's table and at the conclusion of the legislative program in order for the day, I may address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

#### GOVERNMENT MONETARY CONTROL

Mr. BINDERUP. Mr. Speaker, again today my mind goes back to the time we inserted the money plank in the Democratic National Platform following the "Crime of 1920."

Once more let me call the attention of the Democratic Party to this sacred covenant we made with the people. Ask yourselves if we have fulfilled this promise; ask yourselves if the Democratic Party, in power for 6 years, has made the slightest attempt to solve this vital question; and then ask yourself, Who is it that is hindering legislation on this most important question; what hidden power is this that is destroying the Nation's happiness and prosperity? If there were more Republicans in the Congress, or more Progressives or Farmer-Laborites, then we Democrats might blame them, but with our unusual majority there is no escape.

Let me repeat this one plank this afternoon, in which we actually told the people that we did know the trouble, and we were right then. Here is what we said in that platform:

We denounce the recent cruel and unjust contraction of the legitimate and necessary credit and currency which was directly due to the so-called deflation policy started on May 18, 1920. \* \* \* We demand that the Federal Reserve Banking System be so administered as to give stability to industry, commerce, and finance, as was intended by the Democratic Party which gave the Federal Reserve System to the Nation.

A similar plank has been carried in every Democratic platform since that time.

Before I go on with our discussions on my monetary control bill today I will pause for some time to answer questions and

review somewhat the principles brought out in the discussions on preceding days. I will be pleased to answer questions.

Mr. HILL. Mr. Speaker, will the gentleman yield?

Mr. BINDERUP. I yield with pleasure to my friend from Washington, who I know is taking a great interest in this monetary question.

Mr. HILL. They call the money, under your plan, rubber money; my understanding is that you are simply reversing the present situation and system and creating stable dollars.

Mr. BINDERUP. The gentleman from Washington is perfectly right. For example, in 1920 the dollar measured the land values of the Nation as being worth \$66,000,000,000, and 13 years later measured the same acres, producing the same amount of grain as being worth only \$28,000,000,000. It measured farm products as being worth \$13,000,000,000, and 13 years later, although there was the same quantity of farm products, as being worth only \$5,000,000,000. Now some might think there might be some other reasons, but the fact is that out of the 784 commodities in our price level the dollar measured each and every one of the 784 commodities as having fallen in the same proportion.

And then when we noticed that the amount of money in the Nation had decreased in exactly the same degree that commodities had fallen in price we knew and understood the truth of the quantitative philosophy of money, as old Adam Smith has told us, in fact, as all economists tell us; that it measures the value of commodities by and according to its own supply and demand as compared with the supply and demand for commodities moving into consumption. The banks could have just kept on reducing our supply of money until a bushel of wheat would sell for a nickel, or they could increase our money supply until a bushel of wheat would be worth \$10, and the amount of wheat raised would not in the least make any difference. All you have to do is to reduce the amount of money greater than wheat had decreased. That is what we call "rubber money." Money that would measure all the commodities in the Nation at a certain number of billion dollars and a year later would measure the same amount of commodities as worth only half as much or perhaps twice as much. Yes, that is truly a "rubber dollar" and the bankers do the stretching, by loaning their credit and then by calling loans and refusing to make new loans.

Mr. HILL. Does the Federal Government have more assets back of these bonds than the banks do?

Mr. BINDERUP. Certainly the Federal Government has all the property of the entire Nation back of its credit, over \$300,000,000,000, while the banks have greater liabilities than assets. There is no question about it, the credit of the Federal Government not only includes all the credit, or assets, of all the banks but of all industry and all the people as well. Yet we exchange the Government's credit for the banks' credit and today we, the people, are paying them a billion dollars or more a year for the privilege and we let them try to make the people believe that it is their credit back of Uncle Sam's money that makes it safe and sound. Why, it is only 5 years since half the banks in the country went broke and the whole lot of them would have been broke if the Government had not stepped in with its credit to save them.

And strange as it may seem to one who would stop long enough to think, 6 months after we, the Government, had loaned them, the banks, \$3,500,000,000, we borrowed from these same banks \$4,800,000,000. There must be a lot of money made in the banking business. But the stranger part of it is we sold these banks \$4,800,000,000 in bonds when they were broke and then loaned them the money we had just got from them for the bonds they bought while they were broke, and they finally wound up with both the money and the bonds. I must stop and explain this strange business; how these wizards of finance smear it all over Uncle Sam, whose only protection is a Congress that either does not understand or that seems afraid to take action. Of course, I could not go on without explaining just how this is done.



In support of our contention that private banks, insofar as they expand their own credit and thus create bank deposits, are virtually individual private mints, issuing money in contravention of the Constitution, I quote below from the testimony of Governor Eccles, of the Federal Reserve Board, before the Banking and Currency Committee of the House during the hearings on the Banking Act of 1935:

Governor ECCLES. \* \* \* In purchasing offerings of Government bonds, the banking system as a whole creates new money, or bank deposits. When the banks buy a billion dollars of Government bonds as they are offered—and you have to consider the banking system as a whole, as a unit—the banks credit the deposit account of the Treasury with a billion dollars. They debit their Government-bond account a billion dollars, or they actually create, by a bookkeeping entry, a billion dollars.

Mr. GOLDSBOROUGH. By a sort of magic or necromancy.

In like manner, as the banks increase their deposits or create new money through the purchase of Government bonds, the banks also create new money—increase their deposits—by buying notes and other commercial paper from their customers.

Thus as our money supply is increased by the banking system creating new money—increasing their deposits—by purchasing Government bonds or notes or other obligations of their customers, so also is our money supply decreased by the banking system demanding payment of these notes or obligations and refusing to make new loans to take their place. In this connection I again quote Governor Eccles in the same testimony as quoted from above:

Governor ECCLES. When the community begins to pay its debt to the banks, it extinguishes money, deposits currency, and if that process of deflation gets under way it is more or less self-generating and it is very difficult to stop it \* \* \*.

In commenting on the crash of 1929, Governor Eccles further said:

Banks \* \* \* brought pressure upon all loans which came due during the period, and were forced to refuse new credit. They were bringing pressure to collect loans that became due, and to sell securities that they had, whenever they could do so without taking too large a loss \* \* \*. Therefore, in an effort and under pressure to get liquidity, they froze themselves so completely that they finally closed the entire banking structure.

The above frank and true statements are from Mr. Mariner S. Eccles, Governor of the Federal Reserve Board of the Federal Reserve Banking System.

What an admission of the incompetency of our banking system.

What an indictment of our monetary policy, and what a crime that we should allow it to continue for even another day.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield? Mr. BINDERUP. I yield.

Mr. CRAWFORD. I would like to ask the gentleman a question with reference to the remarks he made a few moments ago about the deflationary forces we put into operation in 1937. Does the gentleman understand that the assessment or collection of the social-security taxes was deflationary; in other words, did that represent three-quarters of a billion dollars of deflation?

Mr. BINDERUP. And next year it will be over a billion dollars that the social security will take from the laboring people of the country. However, that would be deflationary only to the extent of its reduction of the immediate purchasing power of these laboring people and to the extent that it is not immediately placed back into circulation.

I understand that the Government is investing this money in Government obligations, or bonds, and in that manner it is, of course, putting it back into circulation; however, unless the same portion of it gets back in a very short time to these in the lower income groups from which it was collected it does reduce their purchasing power, tends to centralize in the higher income groups, and is to that extent I think deflationary.

We always seem to have ways to draw money out of circulation, but we have no plan to put money into circulation.

Mr. CRAWFORD. And that was put into operation at the same time other deflationary measures were sprung on the people?

Mr. BINDERUP. Yes. We gave the Federal Reserve Board three plans whereby they could contract or take money out of circulation and give us panics, depressions, and recessions, but we did not give them any plan to go on and create expansion and prosperity. It is about the same as a general with a bugler who had learned only three calls and all of these were for a retreat, with no calls for an advance. That is the situation our Federal Reserve Board is in, absolutely hopelessly lost, a complete failure. It has caused three of the most disastrous depressions the Nation has ever seen and never the slightest power to stop a panic after it once started one.

Mr. Eccles in an article in Fortune Magazine said these very things. He stated that, of course, monetary control is most essential, but it always gets away from us. When it begins to go up toward inflation we cannot stop it. When it gets started down toward deflation we cannot stop it. And Mr. Eccles was right.

May I give you the key to that. It is because, as I told you yesterday, we have tried to control the volume and velocity of money in the United States by taking to our bosom Wall Street and the international bankers, poison and destruction to our plan. You cannot blame the bankers individually for opposing us because they know that we are trying to take away from them that wonderful privilege they have of creating the Nation's money. We cannot create prosperity by pumping money in at the top. I wonder when our people will understand you have to bring about prosperity by creating a consuming and purchasing power among the people at the bottom of the ladder. Whenever Mr. Eccles is given the authority and mandate from this Congress so that he can increase the consuming and purchasing power among the people, and eliminate the impossible, that of taking the enemies of our plan from the picture, this will be accomplished.

Go to the people and they will work with you. They are cold and hungry and they will put the money into circulation immediately; yes, begin to spend it in the store and lumberyard even before it is received. Strange, is it not, how we have grown into the rut of believing that we cannot create money without the banks.

In the bill which I present to you is that monetary control that is necessary for our Monetary Control Board, as an agent of the Congress, to control the volume and velocity of our money.

Mr. REES of Kansas. Will the gentleman yield?

Mr. BINDERUP. I yield to the gentleman from Kansas.

Mr. REES of Kansas. It was stated here that there was a reduction of some \$2,000,000,000 in 1937.

Mr. BINDERUP. Yes; it is nearer three billion.

Mr. REES of Kansas. Do I understand the gentleman insists it was the fault of the individual bankers that that happened, and that they did it intentionally?

Mr. BINDERUP. Does the gentleman mean if they wanted to do less business?

No; absolutely not. They wanted to do more business with the same amount of money by reducing the price of commodities so their interest dollars could buy more labor and commodities.

Mr. REES of Kansas. But the gentleman stated it was their fault.

Mr. BINDERUP. The bankers had a meeting in May 1937 where they decided to cooperate with the Federal Reserve Board. It is always the bankers' fault and you must consider them as a whole—as a unit—rather it is our monetary system that is corrupt, and that system is controlled by the bankers. It was at this meeting that they decided to contract credit. This was in 1937, during the past year. Mr. Eccles also wanted to contract credit. Ask him and he will very frankly tell you that he and the Federal Reserve Board planned it that way. He will tell you that they were afraid we might have inflation, so he evidently thought we had better die of deflation than of inflation, and the only difference really is

that inflation will destroy the rich few who invest in dollars and the creditors, and deflation will destroy the multitude who invest in labor and services, and the debtor.

Since that subject has been opened up, I want to go into the matter of the contraction of our money supply in 1937.

It was on the 4th day of April 1937, that Mr. Morgenthau became very much interested in the stock market in New York. Why? Because United States bonds had been falling continuously and the banks of these United States owned almost \$20,000,000,000 of these United States bonds. Everyone knew that if these bonds should fall 10 points or 15 points, it would bankrupt every bank in the Nation, as the banks could not stand the loss of \$2,000,000,000. So Mr. Morgenthau hastened to New York to buy these bonds and boost the price of Government bonds. The Wall Street Journal carried an article 3 days later, on the front page, set in a very nice little black frame, stating that United States bonds were once more holding firm, thanks to the assistance of the United States Treasury.

But they knew—Mr. Morgenthau knew and Mr. Eccles knew—that we could not buy \$20,000,000,000 worth of bonds, or even half that amount. They knew, as we all knew, that with \$38,000,000,000 of bonds held by the banks and the public at low interest rates, these would be dumped on the market as soon as prosperity started back, in order that their owners could invest in industrial bonds and other more remunerative investments. So another thing was necessary. They knew they could do the opposite. Thus they could bring prices down. Just restrict and reduce the amount of money in circulation, which in our modern way of doing business means reducing demand bank deposits based on loans, debt; that the less debt we have the less money we have; and if the people paid their debts we would run out of money. They knew that they could depend on the Federal Reserve banks to cooperate when it comes to deflation, so they advised them to restrict new loans and to collect old loans, and in a few months we had reduced our money supply—demand bank deposits—over \$2,000,000,000. If they brought the industrial securities down they could hold the Government bonds up.

They understood, make money scarce and prices will come down on commodities and wages. That would stop people from selling their bonds and investing in other channels of trade. So they did what has been done 26 times before. They brought the price of commodities down. Again the people were sacrificed and business destroyed to save the banks. How long will the people stand this racket of the Federal Reserve Board and the banks against the people? No, my friends, let me answer, not long, for we are now tottering and our Government is threatened, and for no other reason than a miserable, corrupt, rotten banking and monetary system.

Mr. VOORHIS. Will the gentleman yield?

Mr. BINDERUP. I yield to the gentleman from California.

Mr. VOORHIS. In connection with what the gentleman said about the Government being forced to protect the bond market by buying bonds, is it true that at that particular time there was supposed to be fear of inflation and, therefore, according to the orthodox system at present in effect we should have been doing the opposite?

Mr. BINDERUP. Yes. I thank the gentleman from California for stressing this point. The minds of the people must be awakened to this unreasonable and illogical action of the Federal Reserve Board and the Federal Reserve banks.

Mr. VOORHIS. We should have been selling bonds in order to prevent having too large reserves in the banks, but we could not protect the price of the bonds. We had to turn around and buy them.

Mr. BINDERUP. Yes; exactly. And so we ruined the people and the Nation because we had no Government monetary authority with plans and mechanics to meet this situation. And I wish to mention that in my bill all these mechanics are set out definitely.

Mr. VOORHIS. In other words, it was impossible to do the two things at once.

Mr. BINDERUP. Of course it was, but a monetary plan must be so written as to meet such conditions. The banks have ever trafficked in Government bonds and my bill puts a stop to this kind of a racket. The American Federation of Labor made a report on that same day that there were 10,000,000 people out of employment.

A short time before that the Brookings Institution had given out a report that there were 10,000,000 families, not individuals, but 10,000,000 families in the United States with an income of less than \$2,000 and over \$1,000; that there were 6,000,000 families in the United States with an income of less than \$1,000 a year but over \$600; that there were 5,000,000 families in the United States with an income of less than \$500 a year and that there were 3,365,000 individuals in the United States without a single cent of income whatever. In the face of all that, in the face of the fact that farmers were still selling their products below the cost of production, with 10,000,000 laborers unemployed and the farmers living below the standard of an American citizen, the Federal Reserve Board used all of its efforts to bring about a deflation of credit—and, of course, did succeed in bringing about the 1937 depression. And if anyone should question this statement I will prove my words by the words of Governor Eccles and the President of the United States.

Mr. Eccles said in my presence, "We did it intentionally." They brought about a deflation of credit that took away from the people between \$2,000,000,000 and \$3,000,000,000. The bill I present to you presents means for controlling United States bonds so the banks cannot juggle the United States bonds. It eliminates that disastrous thing.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. BINDERUP. I yield to the gentleman from New York.

Mr. SIROVICH. One of the greatest tragedies I have seen in the banking situation is the necessity of having each bank publish every 3 months a statement supervised by the Comptroller of the Currency. This statement testifies to the amount of money each bank has, the accounts receivable, the notes and the bonds, and God knows what other obligations it possesses. According to the law, every bank has to carry a certain amount of securities the Government tells it to buy. If you are the president of a bank, you have to place 20 percent of your bank's capitalization in Government bonds and put them in your portfolio. You never use them.

Along comes a fall in the bond market that causes a depreciation in the value of the bonds the bank holds, and this brings a run on the bank because people see that deposits have fallen and how the bank's investments have fallen in price. How would you overcome that?

Mr. BINDERUP. The most stupid, corrupt thing we have in our Nation is our present banking system.

Mr. SIROVICH. And through no fault of the banks themselves.

Mr. BINDERUP. No; not a bit. I never did blame the individual banker. I have always blamed the banking system; but, of course, the Federal Reserve Board and the American Bankers Association have their way about it and they do not care any more for the welfare of the little banker than they care for all the rest of the people. You certainly cannot blame the 16,000 little bankers who, with all their depositors, sacrificed everything they had and went to the wall together. It was not the fault of the bankers; it was the fault of a disastrous, corrupt, childish, and incompetent system. It was the system that ruined us.

Mr. REES of Kansas. Mr. Speaker, will the gentleman yield?

Mr. BINDERUP. I yield to the gentleman from Kansas.

Mr. REES of Kansas. The gentleman has indicated he is not opposed to the Federal Reserve Board as it now exists. As I understand, he wants to give the Federal Reserve Board more authority.

Mr. BINDERUP. Yes; mandatory authority as an agent directly responsible to Congress.



Mr. REES of Kansas. Let me ask this question, and the gentleman can answer or not, as he wishes. Does the gentleman believe the present Federal Reserve Board is in sympathy with the plan the gentleman has in mind and which he is submitting here today?

Mr. BINDERUP. I have not gone to see the Federal Reserve Board about it.

Mr. REES of Kansas. I took it for granted the gentleman indicated that the Board is in sympathy with his plan.

Mr. BINDERUP. Yes; I believe the Board is in sympathy with the plan, but regardless of whether it is or not, the Board must after all remain merely an agent of the Congress, to carry out the will of Congress.

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The SPEAKER pro tempore (Mr. LEAVY). There is another special order under which the gentleman from New York [Mr. LORD] will be recognized to address the House.

Mr. LORD. That is agreeable to me, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, I would like to remind the gentleman that at the inception of his remarks he started to discuss the ups and downs of certain European countries as a result of manipulations of their monetary system. He was led away from that subject by questions and he has never got back to it. I am extremely eager to have the gentleman continue that discussion and adhere to it until he gets through with it.

Mr. BINDERUP. Mr. Speaker, I believe I said I should like to discuss this matter in an entire afternoon program if this might be agreeable. I stated I had traveled 10,000 miles to get that information and it is interesting. However, this information will all be included in the sheets I am sending to Members of Congress in the booklet known as Uncle Sam's Hospital Chart. Continuing, we gave \$11,000,000,000 to the banks by allowing them the unreasonable privilege of using their credit as money. When we sell bonds we do not get any money for them, we get credit on the books of the big banks, as I have formerly explained. So, after all, what do we do? We merely say to the banks, "Uncle Sam has voted bonds in his Congress—\$4,800,000,000 a couple of years ago and \$5,000,000,000 now, and Uncle Sam wants to swap with you." In voting bonds as we are doing now and have done in the past we merely extend an invitation to the banks. We say to the banks, "Uncle Sam wants to swap with you. We will trade Uncle Sam's credit for your bankers' credit." And so the swap is made. We give the banks beautiful green bonds with a lot of coupons attached, and the bankers swap just fountain-pen money that they give us credit on their books—fountain-pen money—and tell us to check on them. But we are paying the banks boot in this trade to the extent of \$1,000,000,000 a year.

Swapping Uncle Sam's credit for "busted" bankers' credit—of course they are "busted;" not one of them can show resources in excess of liabilities at market value today. And so we give the bankers Uncle Sam's credit and say to the bankers, "We will not even ask you to pay taxes on the credit we extend to you." And we take this worthless bankers' credit, distribute it to our people, and tell them, "You pay taxes on this so we can save the bankers this expense." A crime! This Congress must not adjourn before this unreasonable steal from the people is corrected.

Mr. VOORHIS. Mr. Speaker, will the gentleman yield?

Mr. BINDERUP. I yield with much pleasure to my friend from California.

Mr. VOORHIS. Will the gentleman explain what the Federal Reserve bank now buys bonds with?

Mr. BINDERUP. I cannot give you a better statement on that than what Mr. Eccles himself said in testifying before the Banking and Currency Committee of the House in 1935, which I quoted earlier in this address. This has now become

generally known, although it was startling information at the time to most people, who actually believed we got money, who if they had stopped to consider would know the banks could not pay cash for the bonds. For instance, our recent issue of bonds will amount to \$5,000,000,000, and to pay for these in legal-tender money would take about all there is in existence. No; we never get a penny when we sell bonds. All we get is credit on the books of the bank, just what I got when I borrowed from the bank, giving my note secured by the brindle cows referred to in one of my former addresses.

[Here the gavel fell.]

#### ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 10140. An act to amend the Federal Aid Act, approved July 11, 1916, as amended and supplemented, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1585. An act for the relief of Sallie S. Twilley.

#### BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 10140. An act to amend the Federal Aid Act, approved July 11, 1916, as amended and supplemented, and for other purposes.

#### ADJOURNMENT

Mr. FLETCHER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 59 minutes p. m.), under its previous order, the House adjourned until tomorrow, Friday, June 3, at 11 o'clock a. m.

#### COMMITTEE HEARINGS

##### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Friday, June 3, 1938. Business to be considered: Hearings on H. R. 10127, railroad unemployment insurance.

There will be a meeting of a subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Saturday, June 4, 1938. Business to be considered: Continuation of hearing on H. R. 4358, train dispatchers.

There will be a subcommittee meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Monday, June 6, 1938. Business to be considered: Continuation of hearing of H. R. 10348, foreign radio-telegraph communication.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 7864. A bill to confer jurisdiction on the district courts of the United States in appeals from decisions of the Secretary of the Interior in Indian heirship and estate matters; with amendment (Rept. No. 2561). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 1651. An act to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California," approved May 18, 1928 (45 Stat. 602); without amendment (Rept. No. 2562). Referred to the Committee of the Whole House on the state of the Union.

Mr. FADDIS: Committee on Military Affairs. H. R. 6925. A bill to provide for a national cemetery in every State;

without amendment (Rept. No. 2563). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on the Public Lands. H. R. 10752. A bill to authorize Federal cooperation in the acquisition of the "Muir Wood Toll Road", located in Marin County, State of California, and for other purposes; without amendment (Rept. No. 2568). Referred to the Committee of the Whole House on the state of the Union.

Mr. ENGLEBRIGHT: Committee on Mines and Mining. H. R. 9881. A bill to amend section 23 of the act to create the California Debris Commission as amended; without amendment (Rept. No. 2569). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATTON: Committee on Mines and Mining. H. R. 10764. A bill to amend section 73 of the Hawaiian Organic Act approved April 30, 1900, as amended; without amendment (Rept. No. 2570). Referred to the Committee of the Whole House on the state of the Union.

Mr. WALTER: Committee on the Judiciary. H. R. 8854. A bill to repeal section 2 of the act of June 16, 1936, authorizing the appointment of an additional district judge for the eastern district of Pennsylvania; without amendment (Rept. No. 2575). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL: Committee on Indian Affairs. S. 1325. An act to provide funds for cooperation with Wapato School District No. 54, Yakima County, Wash., for extension of public-school buildings to be available for Indian children of the Yakima Reservation; without amendment (Rept. No. 2576). Referred to the Committee of the Whole House on the state of the Union.

Mr. HOBBS: Committee on the Judiciary. H. R. 9963. A bill to authorize the acquisition of the bridge across the Mississippi River at Cape Girardeau, Mo., and the approaches thereto, by a single condemnation proceeding in either the District Court for the Eastern Judicial District of Missouri or the District Court for the Eastern Judicial District of Illinois, and providing the procedure for such proceeding; without amendment (Rept. No. 2577). Referred to the House Calendar.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HARTER: Committee on Military Affairs. S. 44. An act for the relief of Edward N. Jerry; without amendment (Rept. No. 2564). Referred to the Committee of the Whole House.

Mr. HARTER: Committee on Military Affairs. S. 1168. An act for the relief of Joseph W. Bollenbeck; without amendment (Rept. No. 2565). Referred to the Committee of the Whole House.

Mr. MAHON of South Carolina: Committee on Military Affairs. S. 2408. An act for the relief of John H. Balmat, Jr.; without amendment (Rept. No. 2566). Referred to the Committee of the Whole House.

Mr. SMITH of Connecticut: Committee on Military Affairs. H. R. 9448. A bill for the relief of Charles G. Bostwick; without amendment (Rept. No. 2567). Referred to the Committee of the Whole House.

Mr. FADDIS: Committee on Military Affairs. H. R. 8055. A bill for the relief of Helry P. McCaig; with amendment (Rept. No. 2571). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 10730. A bill for the relief of Ziskind Sokolow; with amendment (Rept. No. 2572). Referred to the Committee of the Whole House.

Mr. SIMPSON: Committee on Immigration and Naturalization. H. R. 7294. A bill for the relief of Bartholemew Harrington; without amendment (Rept. No. 2573). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. S. 3063. An act for the relief of Maria Bartolo; without amendment (Rept. No. 2574). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PATRICK: A bill (H. R. 10813) authorizing and providing for the dredging and lighting of the channel known as Perdido Bay Pass leading from Perdido Bay, Ala., to the Gulf of Mexico, and also the channel leading from Perdido Bay Pass through the Bay Orinoco to the junction with the intercoastal waterway near the end of Bear Point, Ala.; to the Committee on Rivers and Harbors.

By Mr. CLAYPOOL: A bill (H. R. 10814) to extend the provisions of the World War Adjusted Compensation Act to certain veterans; to the Committee on Ways and Means.

By Mr. LESINSKI: A bill (H. R. 10815) to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. COFFEE of Nebraska: A bill (H. R. 10816) to regulate interstate and foreign commerce in seeds; to require labeling, and to prevent misrepresentation of seeds in interstate commerce; to require certain standards with respect to certain imported seeds; and for other purposes; to the Committee on Agriculture.

By Mr. HEALEY: A bill (H. R. 10817) to provide for a medal to be known as the Marine Medal, and for other purposes; to the Committee on Naval Affairs.

By Mr. STEFAN: A bill (H. R. 10818) to amend the act authorizing the construction of a bridge at South Sioux City, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. WITHROW: Resolution (H. Res. 517) authorizing the District of Columbia Committee of the House of Representatives to investigate all organizations and individuals adjusting claims for property damage; to the Committee on Rules.

By Mr. TOLAN: Joint resolution (H. J. Res. 704) to provide for the coinage of a medal in commemoration of the achievements of Amelia Earhart Putnam; to authorize the President to present said medal to Amy Otis Earhart, mother of Amelia Earhart Putnam, and for other purposes; to the Committee on Coinage, Weights, and Measures.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MICHENER: A bill (H. R. 10819) granting an increase of pension to Ellen Jondro; to the Committee on Invalid Pensions.

By Mrs. ROGERS of Massachusetts: A bill (H. R. 10820) for the relief of Albert Pina Afonso, a minor; to the Committee on Claims.

By Mr. SMITH of West Virginia: A bill (H. R. 10821) for the relief of Kyle Blair; to the Committee on Claims.

By Mr. VOORHIS: A bill (H. R. 10822) for the relief of A. J. Samis; to the Committee on Immigration and Naturalization.

By Mr. WALTER: A bill (H. R. 10823) to confer jurisdiction upon the United States District Court for the Middle District of Pennsylvania, to determine the claim of Mrs. A. A. Beltz; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5289. By Mr. BOEHNE: Petition of Louis C. Lasher and 1,116 others, of Perry County, Ind., favoring the restoration of the power to Congress of the right to coin money and regulate the value thereof; to the Committee on Banking and Currency.

5290. By Mr. KENNEDY of New York: Petition of the Rochester Diocesan Council of the National Council of



Catholic Women, numbering over 20,000 women, urging support of the Neely bill (S. 153); to the Committee on Interstate and Foreign Commerce.

5291. Also, petition of the City Council of the City of New York, petitioning consideration of their resolution G. O. 34 (Res. No. 49) with reference to Home Owners' Loan Corporation Act; to the Committee on Banking and Currency.

5292. Also, petition of the National Congress of Parents and Teachers, Washington, D. C., concerning the Neely bill (S. 153); to the Committee on Interstate and Foreign Commerce.

5293. Also, petition of the Allied States Association of Motion Picture Exhibitors, Washington, D. C., concerning Senate bill 153, to prevent the compulsory block-booking and blind selling of motion pictures; to the Committee on Interstate and Foreign Commerce.

5294. Also, petition of the Fifth Estate Club, New York City, concerning Senate bills 4042 and 4043, pertaining to World War provisional officers; to the Committee on Military Affairs.

5295. By Mr. MERRITT: Resolution of the Queens County Committee of the American Legion, requesting that all immigration to these United States be reduced by 90 percent of existing quotas; to the Committee on Immigration and Naturalization.

5296. Also, resolution of the Queens County Committee of the American Legion, requesting that immediate legislative steps be taken to terminate for all time all Government relief or other assistance now being granted to alien residents of the United States; to the Committee on the Judiciary.

5297. Also, resolution of the Queens County Committee of the American Legion, requesting that any honorably discharged veteran who served in the armed forces of the United States during a war shall be eligible for employment by the Works Progress Administration and Public Works Administration regardless of his home-relief status, provided that the Veterans' Service officer having jurisdiction shall after investigation certify to the proper authorities that the applicant is in need of such employment; to the Committee on World War Veterans' Legislation.

5298. By the SPEAKER: Petition of G. L. Brinkmann, Washington, D. C., and others petitioning consideration of their petition with reference to House bill 8431 entitled "The Federal Workweek Act"; to the Committee on the Civil Service.

## SENATE

FRIDAY, JUNE 3, 1938

(Legislative day of Wednesday, April 20, 1938)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 2, 1938, was dispensed with, and the Journal was approved.

### CALL OF THE ROLL

Mr. LEWIS. Mr. President, as we are engaged in the consideration of a very important measure, I trust Senators will spend more of their time on the floor, and I therefore suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Borah	Caraway	Gerry
Andrews	Brown, Mich.	Chavez	Gibson
Ashurst	Brown, N. H.	Connally	Green
Austin	Bulkeley	Copeland	Guffey
Bailey	Bulow	Davis	Hale
Bankhead	Burke	Dieterich	Harrison
Barkley	Byrd	Ellender	Hatch
Bilbo	Byrnes	Frazier	Hayden
Bone	Capper	George	Herring

Hill  
Hitchcock  
Holt  
Hughes  
Johnson, Calif.  
Johnson, Colo.  
King  
La Follette  
Lee  
Lewis  
Lodge  
Logan

Lonergan  
Lundeen  
McAdoo  
McCarran  
McGill  
McKellar  
McNary  
Maloney  
Miller  
Milton  
Minton  
Murray

Neely  
Norris  
O'Mahoney  
Overton  
Pepper  
Pittman  
Pope  
Radcliffe  
Russell  
Schwartz  
Schwellenbach  
Sheppard

Shipstead  
Smith  
Thomas, Utah  
Townsend  
Truman  
Tydings  
Vandenberg  
Van Nuys  
Wagner  
Walsh  
Wheeler  
White

Mr. LEWIS. I announce that the Senator from Oregon [Mr. REAMES] is detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Missouri [Mr. CLARK], the Senator from Ohio [Mr. DONAHEY], the Senator from Wisconsin [Mr. DUFFY], the Senator from Iowa [Mr. GILLETTE], the Senator from Virginia [Mr. GLASS], the Senator from New Jersey [Mr. SMATHERS], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Oklahoma [Mr. THOMAS] are detained on important public business.

I ask that this announcement be recorded for the day.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent because of the death of his wife.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

### DEATH OF FORMER SENATOR MARION BUTLER

Mr. BAILEY. Mr. President, it is my painful duty to inform the Senate of the death in this city this morning of the Honorable Marion Butler, a Senator from the State of North Carolina in the period from March 4, 1895, to March 3, 1901. His career here was distinguished. It was particularly distinguished by reason of the great contribution he made in the establishment of the rural free delivery, now enjoyed throughout the country.

### REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Naval Affairs, to which was referred the bill (S. 3337) to amend section 2 of the act entitled "An act to temporarily increase the commissioned and warrant and enlisted strength of the Navy and Marine Corps, and for other purposes," approved May 22, 1917, as amended, to increase the authorized percentage of privates, first class, in the Marine Corps from 25 to 50 percent of the whole number of privates, reported it with amendments and submitted a report (No. 1963) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3339. A bill for the relief of Lt. (Jr. Gr.) Svend J. Skou, United States Navy, retired (Rept. No. 1964);

S. 4070. A bill to authorize the attendance of the Marine Band at the United Confederate Veterans' 1938 Reunion at Columbia, S. C., from August 30 to September 2, 1938, both dates inclusive (Rept. No. 1965); and

H. R. 9965. An bill to provide for civilian naval training, and for other purposes (Rept. No. 1966).

Mr. NEELY, from the Committee on the Judiciary, to which was referred the bill (S. 2811) to amend the Judicial Code by adding thereto a new section, to be numbered 659 (1), relating to the certification, authentication, and use in evidence of documents of record or on file in public offices in the State of Vatican City, reported it without amendment and submitted a report (No. 1967) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 4126) to amend the act authorizing the construction of a bridge at South Sioux City, Nebr., reported it without amendment and submitted a report (No. 1968) thereon.

### JOINT COMMITTEE ON FORESTRY

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the concurrent resolution (S. Con. Res. 31) to establish a Joint Committee on Forestry,